

**SURVEY OF
INTERNATIONAL AFFAIRS
1937**

VOLUME I

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SURVEY OF INTERNATIONAL AFFAIRS 1937

VOLUME I

BY

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L'égoïsme est une erreur de jugement
autant qu'une défaillance du cœur.

*Monsieur Yvon Delbos at Bucarest
9 December 1937.*

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PREFACE

By the time when this preface was being written in October 1938, the international events of 1937 had already been thrown into the shade by the still more critical and agitating shocks of the spring, summer and autumn of the current year. Yet perhaps, just because 1938 was a year the like of which the World had not had to live through for twenty years past, a survey of international affairs in 1937 might prove an aid to an understanding of the sequel. For example, the respective fates to which the two 'post-war' Central European successor states of the Danubian Hapsburg Monarchy, Austria and Czechoslovakia, successively succumbed in 1938 are illuminated by the antecedent history of the Danubian countries; and this history has been set out in the first volume of the *Survey for 1937*, as previously in the *Survey for 1936*, in considerable detail. Again, the relations between Poland and her neighbours and between Italy and Yugoslavia in 1937 are likewise material to the history of Central Europe in the following year; the change in the status of Belgium in 1937 bears on the subsequent military situation along the Franco-German frontier; the relations between the four European Great Powers in 1937 lead up to the fateful meeting of the *quattuorviri* at Munich on the 29th-30th September, 1938; the account of German economic policy in South-Eastern Europe in 1937 foreshadows Dr. Funk's tour in October 1938; the account of the 'purge' in the Soviet Union in 1937 may in part explain the remarkable reticence of Russian diplomacy during the following year of crisis; and the picture of the diplomatic and moral struggle between 'the League Powers' and 'the Triangle Powers' in 1937 may throw some rays of light on the darkness which, in the autumn of 1938, still shrouded an alarming future.

While the *Survey for 1936* was, with some difficulty, embraced between the covers of a single volume, the *Survey for 1937*, like that for 1935, has perforce been divided. The records of failure are in their nature more voluminous than those of success; war is more eventful than peace; and in 1937 a war was being waged in each of the three continents of the Old World. It is true that the war which had been started in Abyssinia by an act of Italian aggression in the autumn of 1935, and which was still on foot in 1937, had by that year almost ceased to be a subject of international diplomatic transactions. On the other hand, the two new wars which had been started respectively in Spain in the summer of 1936 and in China in the

summer of 1937 had each quickly become a focus of world-wide political activities of which some record is given here. The early stages of the war in China, down to the end of the calendar year 1937, are dealt with in the present volume. The war in Spain, which was not touched in the *Survey for 1936* and which has therefore had to be dealt with now over a period of eighteen months ending in December 1937, has been given a volume to itself.

In the first of the two volumes of the *Survey for 1937* special attention has been paid to the affairs of the Arab and arabized countries bordering on the Mediterranean, from Palestine to Morocco inclusive. One of the signs of the times was a rapidly growing mutual intelligence and sympathy between peoples, spread over this broad tract of Dāru' l-Islām, who had been living their respective local lives in a state of parochial isolation from one another since the close of the thirteenth century of the Christian Era. In the autumn of 1938 it was already apparent that this Arab World was a powder-magazine and that in its Palestinian compartment there was a lighted match.

As in previous years, the *Survey* is the work of the two members of the staff of Chatham House whose names appear on the title-page, except for those chapters to which other authors' names are attached. Three of these other contributors—Professor Allan G. B. Fisher, Miss K. Duff, and Mr. G. E. Hubbard—are also members of the staff of Chatham House. Mr. Hubbard has written the part of volume i on the Far East, which deals with the war in China and with its repercussions throughout the World; Miss Duff has written the account, in volume ii, of the course of the war in Spain. It gives the writer of this preface particular pleasure to see the *Survey for 1937* fortified by important contributions—both on world economic affairs and on German economic policy in South-Eastern Europe—from his colleague Professor Fisher, the first occupant of the Price Chair of International Economics at Chatham House, and to know that he is to have the benefit of the Price Professor's expert collaboration in future volumes as well. In addition volume i includes important contributions from Mr. C. A. Macartney (on the Polish and Danubian affairs already referred to) and from Mr. H. Beeley (on the administration of the British mandate for Palestine in 1937, on the Montreux Convention regarding the abolition of the Capitulations in Egypt and on the admission of Egypt to membership of the League of Nations).

ARNOLD J. TOYNBEE.

October 1938.

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PART I

WORLD AFFAIRS

The League of Nations and 'the Anti-Comintern Triangle'

(a) THE CRISIS OF THE LEAGUE OF NATIONS

THE opening of the year 1937 found the League of Nations in a critical condition.

The League had been founded in the peace settlement of 1919-21 as a new instrument for coping with an international anarchy in which the Western World had been living ever since the successful revolt of the princes of Western Christendom against the medieval censorship of the Papacy. During the four centuries of modern Western history ending on the 11th November, 1918, the international anarchy had been almost complete. The Western Society had been partitioned into a multiplicity of parochial 'sovereign' states; and the pretension to 'sovereignty' meant a refusal, on the parochial 'sovereign' Government's part, to recognize any oecumenical authority to which it was constitutionally bound to defer, or any international law to which it was morally bound to subordinate its own 'honour and vital interests' as interpreted by the parochial 'sovereign' state itself.

For a majority of the 'sovereign' states of this anarchic world at any time during those four centuries, a theoretical 'sovereignty' was impaired in practice by the physical weakness of this small fry in comparison with certain 'Great Powers' which possessed the strength, as well as the title, to be a law unto themselves. In the Western World of that age, a 'Great Power' might almost have been defined as a parochial 'sovereign' state which was strong enough to be able to venture to do what it willed in defiance of all comers—even when its sovereign pleasure was to commit a crime which shocked the conscience of the rest of Christendom.¹ If this was the true test of being a Great Power, that did not mean, of course, that a Great Power's will was never seriously challenged or never successfully thwarted. Throughout this period of modern Western history the 'sovereignty' even of the Great Powers was limited in practice

¹ As a classic recent instance of this, an Italian publicist might have been tempted in 1937 to recall that, in 1899-1902, Great Britain had vindicated her claim to be a Great Power by fighting and conquering two small and weak states in South Africa without interference from any of the other Powers of a society whose conscience condemned Great Britain's action.

by the fact that the number of the states of this calibre was always in the plural and never in the singular. In that period, no single Great Power ever succeeded in overthrowing all its peers and so gaining an undisputed command over the whole gladiatorial arena. The Germany of the Emperor William II, the France of the Emperor Napoleon I and King Louis XIV, and the Spain of King Philip II had each been prevented in its day from gaining a mastery over the whole Western World, and had each been forced back into the humbler position of one among half-a-dozen peers. On the other hand, these ambitious Great Powers had not lost their status in failing to raise themselves above it to a position of supremacy. So far from that, their claim to be Great Powers had been strikingly vindicated by the fact that it had been possible for them to grasp at a universal dominion, and by the further fact that they had been foiled by nothing short of a grand alliance of their rivals, who had been constrained to exert all their strength in a common effort to preserve their own existence in face of one prepotent representative of their species.

These periodic attempts on the part of some single parochial 'sovereign' state to subordinate the sovereignty of all the rest by making its own sovereignty predominant had precipitated the general wars by which the modern history of the Western World had been punctuated. A general war was, almost by definition, so heavy a tax upon the prosperity and the happiness of the society which waged it that, after each of these social catastrophes, a move had been made to put an end to the international anarchy by re-establishing in the Western World an oecumenical system of law and order embodied in some international institution and maintained by some international authority. The League of Nations was the fourth essay of the kind, and it was much the most serious one that had been made up to date.¹ The reason for its seriousness was manifest. On the morrow of the General War of 1914-18 there was in the Western World a more deeply felt and a more widespread desire than ever before to overcome the modern international anarchy

¹ In the foundation of the League of Nations after the General War of 1914-18, the recurrent effort to establish an international order went the length of creating an institution which was intended to be permanent. The preceding General War of 1792-1815 had evoked the ephemeral Holy Alliance in which the moving spirit had been the Tsar Alexander I. The two earlier general wars in the modern Western World had given birth to projects which had remained entirely academic. The Abbé de St. Pierre's project had been the aftermath of the General War of 1672-1713, and Sully's project the aftermath of the warfare resulting from a widespread resistance to the ambitions of Philip II.

because the latest general war had been very much more dreadful and more destructive than any of its predecessors. This unprecedented grievousness of the war of 1914-18 was a penalty that the Western Society had had to pay for having failed to abolish the institution of war before reaching a stage in its history at which it had begun to make an almost fabulous progress in its mastery of technique and organization. This newly acquired material driving-force was bound to be applied to war so long as the masters of it kept up the practice of going to war; and since this 'material progress' was making headway at an ever accelerating speed, in a *crescendo* movement of which the end was not yet in sight, it could be forecast, almost with certainty, that future wars would eclipse in frightfulness the war of 1914-18, just as that war had eclipsed its predecessors. This last war had provided an object-lesson to which none could be blind; and it was largely the increase, thus revealed, in the material driving-force behind the old institution of war that put an unprecedentedly powerful spiritual driving-force into the new institution of the League of Nations on the morrow of the Armistice of the 11th November, 1918.

While, however, this new factor in the international situation—namely, the recent vast aggravation of the grievousness of war—gave the new-born League of Nations a special impetus on the morrow of the termination of the war of 1914-18, the same factor potently deterred states members from living up to the international obligations which they had assumed under the Covenant as soon as there was a prospect that another war might arise out of a policy of loyal and integral fulfilment; and there was also an old factor in the situation which was a formidable obstacle in the path of the new-born international institution. This obstacle was the idol of 'sovereignty'; and on the morrow of the war of 1914-18 'sovereignty', as well as war, was a more formidable evil than it had been at any time before in the modern period of Western history. Just as war had been gaining in potency through an advance in organization and technique, so 'sovereignty' had enhanced its attractiveness through a change in the form in which the idol was displayed for the adoration of the multitude. Since the close of the eighteenth century the graven images of princes had been replaced by graven images of nations; and these evoked a more enthusiastic worship, since the multitudes were now being invited to deify none other than themselves. 'Sovereignty' in this more sinister shape was the enemy with which the infant League of Nations had to contend; and it was evident that the monster could not be overcome by easy exhibitions

of strength at the expense of weak states. The test case of the League's ability to grapple with the dragon of 'sovereignty' would be a conflict between the Law of the Covenant and the will of some Great Power; and after the ominous preliminary encounter between the League and Japan over Japan's act of aggression against China in and after the autumn of 1931,¹ a test which was as indubitably clear as it was indubitably disastrous had been provided by Italy's act of aggression against Abyssinia in the autumn of 1935.²

The Abyssinian case was a more effective test than the Manchurian case for a number of reasons. Instead of overtaking the world at a moment when minds were preoccupied by an acute economic crisis, the Abyssinian test came at a time when the world was already on the road towards economic recovery, and when it therefore already had more attention and energy to spare for looking after its political health. Again, in the Abyssinian case there could be no doubt that the aggressor was utterly in the wrong. Italy could not confuse the issue, as Japan had tried to confuse it, by an appeal to any treaty rights; and the Abyssinians could not be accused by Italy, as Japan had tried to accuse the Chinese, of having put themselves in the wrong by being provocative. In the third place, the states members of the League could not plead, in the Abyssinian case, a material inability to carry out their juridical obligations. In any case in which the aggressor was a Great Power, it was evident that the other states members could not put the sanctions of the Covenant into operation without having to face the possibility that, if they were really in earnest about the frustration of the act of aggression, the Great Power that was committing it might not be brought to heel without war. This meant that the problem had to be looked at in its strategic as well as in its political and its juridical aspect; and the task of frustrating Japan's aggression against China in 1931 would have presented, owing to the dispositions of the Washington

¹ See the *Survey for 1931*, Part IV, section (iii) (b); the *Survey for 1932*, Part V.

² See the *Survey for 1935*, vol. ii. This successful attack upon the Covenant of the League and the principle of collective security was not delivered by Signor Mussolini until he had carefully prepared his ground and skilfully chosen his moment, nearly thirteen years after his accession to power in October 1922. He had evidently taken to heart the inconclusive result of his abortive attack on the same objectives when he had bombarded Corfù on the 31st August, 1923. On that occasion Signor Mussolini had succeeded in having the settlement of the issue between the aggressor and his victim taken out of the hands of the Council of the League and committed to those of the Conference of Ambassadors; on the other hand, he had been prevented from making any permanent seizure of territory at the expense of a weaker state. For the history of the Corfù Incident, see the *Survey for 1920-3*, pp. 348-56.

Treaties of 1921-2,¹ an exceptionally difficult strategic problem even for the combined forces of the League Powers and the United States. On the other hand, the task of frustrating Italy's aggression against Abyssinia in 1935 would have presented an exceptionally easy strategic problem for the forces of the League Powers even without the United States' naval co-operation; for the line of communications between Italy and the theatre of her war of aggression in East Africa ran overseas across the Mediterranean and through the Suez Canal, and the League Powers held this Italian life-line at their mercy. On these several accounts, taken together, the Abyssinian case of aggression was a clear test of the League's ability to fulfil its primary function of restraining aggression by the collective action of the states citizens of an international commonwealth; and the vigour and unanimity with which the states members at first appeared to be rising to the occasion only served to accentuate the blackness of their subsequent irresolution² and their eventual discomfiture.

At the opening of the year 1937 the League of Nations was in a state of prostration which was a result of the shattering defeat which the states members had allowed Italy to inflict upon them in the preceding year. Some measure of the League's weakness in 1937 was given by the history of the Far Eastern Conference which sat at Brussels on the 3rd-24th November.³ Though the initiative for the holding of the Conference had come from the Assembly of the League in its eighteenth session in the September of that year, Brussels was substituted for Geneva as the meeting-place, in the hope of reassuring the non-League Powers and propitiating the anti-League Powers by this geographical gesture. The effect of the Conference was to advertise the timidity of the English-speaking Powers and the disillusionment of the Scandinavian States.⁴ It became

¹ See the *Survey for 1920-3*, Part VI, section (iv).

² The main motive of this irresolution was, as has been pointed out in previous volumes (see the *Survey for 1935*, vol. ii, pp. 38-9, 90-1, 251 n, 339-40, 499; the *Survey for 1936*, p. 1), a fear of Germany; and Herr Hitler did, in the event, successfully take advantage of the breach in the Stresa Front in order to reoccupy the Rhineland with German troops (see the *Survey for 1936*, Part III, section (i)). Thus, in effect, the Counter-League, which eventually took formal shape in the 'Anti-Comintern Triangle', was already in operation *de facto* in the spring of 1936, though at that time even 'the Rome-Berlin Axis' had not yet been officially established.

³ See the present volume, Part III, section (iv) (c).

⁴ Norway, Denmark and Sweden, and also Mexico and Bolivia, took part in the Conference in virtue of their having adhered to the Washington Nine-Power Treaty of the 8th February, 1922. The states invited were the original signatories of that treaty (each of the self-governing states members of the British Commonwealth being given a separate invitation) together with the subsequent adherents.

apparent that even in the Pacific area the United States was now still more unwilling than the British Empire to commit herself in the cause of putting restraint upon aggression. It also became apparent that the Scandinavian countries, in the light of their experience in the Abyssinian affair, were now unwilling to compromise themselves by taking part in collective attempts to stigmatize and frustrate aggression unless they could be sure that the Great Powers had a serious intention of carrying the collective policy through. Out of the seven Great Powers of the post-war World, only four were now even nominally in the League; Italy was to proclaim her formal secession before the end of the year;¹ in the course of the year the Soviet Union was discredited morally, and possibly also paralysed physically, by a succession of political 'purges';² the two other Great Powers that still kept up their membership were now showing themselves half-hearted in their support of the League; and while, among the non-members, the United States was now a benevolent instead of a hostile outsider, Germany and Japan were now both of them actively working—and this with Italy as their accomplice—for the destruction of the League and for the defeat of its purpose.

Thus the League of Nations had, at least temporarily, collapsed within eighteen years of its establishment on the 10th January, 1920, and the prospect opened up by this collapse would have been serious even if the consequence had been merely a return to the state of affairs that had been prevalent during the century that had ended in 1914. Actually the consequence was even more disconcerting; for whereas, before 1914, the international anarchy had been tempered by the existence of at least the rudiments of an international system in the shape of a 'Concert of Europe', the collapse of the League in 1937 was followed, not by a revival of the 'Concert', but by a sheer interregnum in which the anarchy was not mitigated by any vestige of any system at all.

When 'the Holy Alliance' had collapsed within the first decade following the close of the Revolutionary and Napoleonic Wars, the European heart and danger-zone of the Western World had still been kept in some kind of peace and order for the next ninety years by a certain measure of co-operation between the European Great Powers;³ and this 'Concert' had achieved an imperfect yet by no

¹ See p. 35, below.

² See pp. 12 *seqq.*, below.

³ The special contribution, in the shape of a rudimentary *Pax Britannica* supported by naval and financial sanctions, which was made by the United Kingdom to the same oecumenical cause of peace and order in the same age, is noticed on pp. 23-4, below.

means unsubstantial success in virtue, not of any formal constitution, but of a practical community of interest and outlook.

In that age the Great Powers were moved to co-operate not only by a common anxiety to avoid a major war but also by a common code of manners. There was, for example, a generally recognized standard of honour in the conduct of international transactions and the observance of international undertakings; and though this standard might not be very high, a Great Power could not depart from it, such as it was, without disagreeably 'losing face'. The Great Powers were bound together by a certain solidarity of feeling among themselves as against the smaller states upon whom, as well as upon themselves, they were imposing their joint control; and on this account a Great Power would hesitate to 'let down' the dignity of its class by flagrantly violating the accepted international code, while conversely it could feel reasonably sure that its own peers would never seek to impose any intolerable loss or humiliation upon a fellow member of their own privileged fraternity. The 'Concert' which thus offered all its members a certain security in consideration of imposing upon all of them a certain restraint was manifestly animated by the principle of Aristocracy; and this system of relations between states, under which a small group of Great Powers managed the international affairs of the world by co-operation among themselves on the basis of an unwritten but compelling class law was, in fact, a reflexion, on the plane of public affairs, of the contemporary relations between governors and governed in each country in respect of the conduct of the country's foreign affairs.

As far as the conduct of foreign affairs was concerned, the order of society in all the European members of the Western comity of states remained singularly homogeneous down to the outbreak of the General War of 1914-18; for although the progressive disintegration of the social unity of the medieval Western Christendom during the preceding four centuries had replaced uniformity by diversity in the spheres of religion and of domestic government, Europe (including Great Britain as well as the Continental states) still possessed what was virtually a single royal family and a single aristocratic ruling class; the reigning dynasties in the several European states were physically related by close and intimate family ties; and the local aristocracies, in their degree, were prone to inter-marry and were thoroughly at home with one another. Since the conduct of the international affairs of Europe was mainly concentrated, down to 1914, in aristocratic and royal hands, the surviving social solidarity

of these two classes of European society facilitated the working of the 'Concert' most effectively.

It was, indeed, this pertinent remnant of social solidarity in Europe that made the nineteenth-century 'Concert' 'a going concern'; but this traditional social basis for political co-operation between the Powers was destroyed by the political and social revolutions that accompanied and followed the war of 1914-18; the establishment of the League of Nations was an attempt to replace this lost traditional solidarity by an institutional substitute; and when, in 1937, 'the Genevan institution', in its turn, was stricken with paralysis, the separate 'sovereign' independent states of the world were left face to face with one another without either an institutional or a moral bond to mitigate the dangers of a physical juxtaposition which, at the zenith of 'the machine age', was closer and more perilous than it had ever been before. Each nation was now solitarily confined within its own national language, national social structure and national 'ideology'. The last of the ancestral links between them seemed to have snapped; and, in this state of extreme moral estrangement, they could find no better way of dealing with the problem of their physical proximity to one another than to plunge into an unrestricted competition in armaments.

(b) CO-OPERATIVENESS VERSUS ISOLATIONISM IN THE UNITED STATES

The United States was the only one among the seven Great Powers of the day in which any current was setting perceptibly in the League's favour in 1937; and here the trend was resisted by counter-currents of at least equal strength. The relapse of the world towards an unbridled international anarchy, and the risk of international catastrophe which this relapse carried with it, were no doubt perceived and felt by most of the constituents of that minority of the American people whose social horizon was not limited by the frontiers of their own country; but identical perceptions and feelings produced opposite reactions in different circles. In the Administration and the State Department at Washington and in certain limited, and largely academic, circles throughout the United States, the effect was to strengthen a conviction that, under the social and technological conditions of the age, it was impracticable for the United States to insulate herself from the rest of the world, and that her only hope of saving herself from being involved in the ghastly consequences of international anarchy under contemporary technological conditions therefore lay in her co-operating to some extent with other Powers in attempts to take the threat of anarchy in hand by positive action

before it might be too late. There were, however, other, and perhaps wider, though assuredly less intelligent, circles in the United States that yielded to the common human impulse to flinch from a danger instead of grappling with it; and in these circles the panacea of isolation was recommended all the more vehemently the nearer the peril of international anarchy approached towards American shores—with little reconsideration of the prior question whether an old nostrum really still was (if indeed it had ever been) an effective prophylactic. President Roosevelt was perhaps deliberately 'trying out' the relative strengths of these opposing currents of American feeling and opinion on international affairs in the almost sensational speech which he delivered on the 5th October, 1937, in the metropolis of a predominantly isolationist 'Middle West'. Mr. Roosevelt's speech at Chicago on that date is dealt with elsewhere in the present volume;¹ and in this place it is only necessary to point out that, while there appeared at first to be an unexpectedly favourable response from certain sections of American public opinion to the President's lead in the direction of international co-operation against 'those violations of treaties and those ignorings of humane instincts' which were 'creating a state of international anarchy and instability', such sparks as Mr. Roosevelt had struck went out without kindling the tinder, and the final effect was to reveal the measure of the distance by which popular feeling in the United States was still lagging behind the opinion of a better instructed minority. The fluctuating infirmity of American purpose at this time was also illustrated by the attitude of the Administration to the Far Eastern Conference of the 3rd–24th November, 1937,² and by the current history of the United States Neutrality Act.³

On the one hand, the United States did not follow Japan and Germany in declining the invitation from Geneva to be represented at Brussels; on the other hand, the United States delegation, when it duly took its place, appears to have set the pace of a Conference which, like most international bodies, had to go at the pace of the slowest participant. In the matter of the Neutrality Act the principal innovation of the 1937 legislation was the 'cash-and-carry' clause, which provided that, if the President used his discretionary powers under the Act to prohibit the export to belligerents of certain articles which, without falling within the category of arms and munitions, would be useful for the conduct of war, it should still be open to belligerents to purchase and export from the United States the commodities included in the contingent category on condition of

¹ See pp. 273–5, below. ² See pp. 276–8, 286 *seqq.*, below. ³ See pp. 261 *seqq.*, below.

their paying for them in ready money and removing them on board non-American ships.

As is recorded elsewhere,¹ the United States Neutrality Act of 1937 was not applied to the Sino-Japanese war which broke out two months after the Act had come into force. The reason for non-application can hardly have been that the war in the Far East was undeclared, for there had been no declaration of war in Spain or Abyssinia either, and yet this informality had not, in these two other instances, been regarded by the United States Government as a circumstance that rendered it superfluous for that Government to take steps for safeguarding the United States against the risk of becoming involved.² It therefore looked as though, in abstaining from taking corresponding action in respect of the war in the Far East, the United States might have been moved by a desire not to go out of her way in giving assistance to Japan, who would have been the exclusive beneficiary of the 'cash-and-carry' clause of the United States Neutrality Act in a conflict with China in which Japan commanded the maritime routes across the Pacific between the theatre of war and American ports. On this showing the 'cash-and-carry' clause might be read—in the context of a possible war in Europe—as a provision in favour of Great Britain, who in such a war might be expected to command the maritime routes across the Atlantic.

Whether there was any foundation for this suggestion was a question that was canvassed at the time in the United States without being cleared up.³ The discussion showed that the American public were still sensitive to the suspicion that the United States might be drawn into war in the interests of some foreign Power; and this sensitiveness was sufficiently keen and widespread to secure, in the House of Representatives at Washington on the 14th December, 1937, the necessary 218 signatures for a petition to bring out of committee a joint resolution, introduced by Mr. Representative Ludlow in the foregoing February, proposing an amendment to the Constitution which would forbid the Congress of the United States to declare war without confirmation by a majority of votes in a 'nation-wide referendum', except in the event of an actual invasion of the United States or its territorial possessions and an attack upon its citizens there resident. This proposal was frankly and strongly opposed by the Administration, and was also criticized by a former Secretary of State, Mr. Stimson, in an authoritative letter which

¹ See pp. 268–70, below.

² See the *Survey for 1935*, vol. ii, pp. 239 *seqq.*; the *Survey for 1937*, vol. ii, p. 216.

³ See also pp. 264–6, below.

was published in *The New York Times* on the 22nd December. One of Mr. Stimson's strictures on the proposal may be quoted verbatim here, in view of its bearing upon the contemporary foreign policy of all the pacific-minded Powers:

Its supporters seek to draw a line at the geographical boundaries of our territory and to prescribe that our defence shall not begin until an enemy reaches that line, and furthermore shall have actually attacked our citizens within it. The proposal is apparently based on the assumption that a nation cannot be effectively attacked except by an old-fashioned invasion, and that if we wait until that happens we can still satisfactorily defend ourselves. To-day this is so untrue as to be fantastic. It entirely ignores the power and speed of modern air and naval attack, as well as the fragility of our modern urban construction and economic organization. It would at once terminate the sound system upon which our American national defence has been planned for many years.

In illustration of this thesis, Mr. Stimson went on to point out that the Ludlow Amendment would make it impossible for the United States to maintain the Monroe Doctrine—and this not only in the wider field of its application to all the Americas, but also even in the narrower field of the Caribbean, where crucial interests of the United States were at stake. As the date of the debate on the petition approached, public interest in the Ludlow Resolution rose, and while the debate was taking place on the 7th–10th January, 1938, first the Secretary of State and then the President threw his weight into the scales—Mr. Hull in an open letter to Mr. McReynolds, the Chairman of the Foreign Affairs Committee of the House, and Mr. Roosevelt in a letter of the 6th January to Mr. Speaker Bankhead, which the Speaker read from the floor of the House on the 10th. Thereafter, the motion to take the Ludlow Resolution out of Committee for consideration on the floor of the House was defeated by 209 votes to 188.

The exertions which the Administration had to make in order to secure this small majority in favour of obstructing the Ludlow Resolution revealed the strength of isolationist feeling in the United States at the turn of the calendar year.

(c) THE SELF-ERASURE OF THE SOVIET UNION

If the Administration at Washington was at this time moving cautiously and laboriously in the direction of some kind of international co-operation, a whole-hearted loyalty to the Covenant of the League of Nations was being proclaimed in unfaltering accents by the Government at Moscow. Yet there was but cold comfort for

the League in this official enthusiasm of one of its most recently acquired members; for in the Soviet Union the year 1937 witnessed a succession of 'purges' which reduced this hitherto indubitably Great Power to the 'perfect and absolute blank' of an unknown quantity. This self-erasure of the Soviet Union was both moral and material. The odium which the Bolsheviks of Lenin's 'Old Guard' had once brought upon the Soviet régime as its authors was almost eclipsed by the odium which they now brought upon it as victims, in their turn, of a revolution that was running true to type by duly devouring its children. Again, the material debility of which the Soviet régime had once stood convicted at the time of the Peace of Brest-Litovsk¹ was possibly matched by the debility that was suspected, nineteen years later, in a régime that was now feverishly ridding itself of its *personnel*—political, military and technical—from the highest down to almost the lowest ranks of the official hierarchy.

In the preceding volume² some account has been given of the disgrace, trial and execution of eminent Bolsheviks from August 1936 down to April 1937. In the course of those eight months the tyrant in the Kremlin had struck off the heads of the tallest flowers in his garden; and though some other famous veterans of the Bolshevik Revolution of 1917 were still left to forfeit their lives before the close of the calendar year, these drops of blood were lost in the torrent that was now flowing. From the spring of 1937 onwards the range of the 'purge' extended rapidly in all dimensions. It spread from the topmost to the lower rungs of the official ladder; it spread from the capital to the outer provinces; and it spread from political circles to the Red Army and to the body economic. An exhaustive, or even systematic, catalogue of the victims would be beyond the scope of this *Survey*, even if the necessary information were forthcoming. The following sketch merely aims at giving a general impression of a chapter in the domestic history of the Soviet Union which had a profound effect upon the international history of the world.

On the 15th April, 1937, the extension of the 'purge' into new fields was heralded by the announcement that six railway administrators and two managers of tractor factories were to be tried for sabotage and mismanagement. A few days later the Deputy Commissar for Heavy Industry, Monsieur Serebrovsky, who had stepped,

¹ See the *History of the Peace Conference of Paris*, edited by H. W. V. Temperley (Oxford University Press, 1920-4), vol. i, chap. vi, part ii.

² The *Survey for 1936*, pp. 376-8.

only the December before, into a post made vacant by an execution, came in his turn under the fire of the Soviet Press and suffered the death penalty in due course. About the same time a Press offensive proclaimed the disgrace of the director of the Maly Theatre at Moscow, Monsieur Liadov, on a charge of 'wrecking'. On the 26th April the execution was reported of the widow of Serebrovsky's predecessor, Piatakov, who had been one of the thirteen men shot on the 1st February.¹ About the same time there was a rumour of the death by suicide of the wife of Stalin's late principal lieutenant in the Ukraine, Postishev, who had been disgraced a month before and been relegated to the Samara district. More sensational was the announcement on the 11th May that Marshal Tukhachevsky, one of the makers of the Red Army who had been for many years Marshal Voroshilov's right-hand man in the Commissariat of Defence at Moscow, had been degraded from that high position to the command of the military district of the Volga—a transfer which removed this distinguished officer from a key post in the capital to a subordinate post in the interior, far away from any critical frontier. The 16th May brought the dismissal of all members but one of the Central Trade Union Council. The dismissed councillors were denounced as 'enemies of the people'. On the 20th May it was announced that forty-four Soviet citizens, including one woman, had been convicted by a military tribunal and shot, on a charge of having committed espionage and sabotage against the Soviet railway system on behalf of Japan and of Trotsky, at Svobodny, near Blagoveschensk (or, according to another version, at Svobodnoye, near Khabarovsk) in Eastern Siberia. On the 22nd May it was announced in Moscow that more than twenty conspirators had been detected and put to death at Tiflis,² and there were reports of simultaneous 'purges' in the Ukraine and in White Russia. On the 1st June it was announced that Monsieur Zakharya, the director of the Makeyevka steel-works in the Ukraine, had been disgraced on a charge of sabotage.

It will be seen that by this time the terror was spreading from the capital to the extremities of the Soviet Union, and this not merely within the broad domain of the R.S.F.S.R., which was by far the largest and most important of the seven direct constituents of the Union, but also in the territories of some of the R.S.F.S.R.'s non-Russian sister states. This was a remarkable new development; for hitherto a respect for the national individuality of the non-Russian nationalities in the Union had been one of the *arcana imperii* of the

¹ The *Survey* for 1936, p. 377.

² At Tiflis on the 9th July the figure was given as seven or eight.

Soviet régime;¹ and this policy was supposed to have been inspired by Stalin in person (who could enter into the feelings of the non-Russian peoples in the population of the Union, since he was himself a Georgian, not a Russian, by origin). This extension of the terror into the non-Russian constituent states of the Union might have attracted more attention at the time² if it had not been overshadowed almost immediately by another extension—from civilian circles to military—which was more sensational.

On the 4th June it was announced that General Eydeman, the President of 'Osoaviakhim'—the Civilian Chemical and Aviation Defence Association—had been superseded. Next day it was announced that General Gamarnik, who was Assistant Commissar for Defence and also a member of the Central Committee of the All-Union Communist Party, had committed suicide on the 31st May, and that he was under accusation—together with others as yet undeclared—of having committed espionage and betrayed the country to German and Japanese imperialists. On the 9th June Marshal Voroshilov signed a decree depriving of their commands Marshal Tukhachevsky (who had already been relegated from the capital to the Volga district),³ General Yakir, who had been in command at Leningrad, and General Uborevich, who had been in command at Minsk, and who, in the infancy of the Soviet régime, had saved its life by beating back the counter-revolutionary armies of Denikin and Wrangel. On the 11th June these three officers and five others, one of whom was General Eydeman, were tried and sentenced to death by the Supreme Military Court in Moscow on charges of espionage and high treason. The president of the Court was Monsieur Ulrich, who had likewise presided at the trial of the British engineers in 1933⁴ and at the Zinoviev-Kamenov and Radek-Sokolnikov trials of more recent date.⁵ The eight other members of the Court were all soldiers, and their names included Marshal Blücher's and Marshal Budenny's, though not Marshal Voroshilov's. On the 12th it was announced that the sentences had already been executed by shooting; and on the same date Marshal Voroshilov published an order of the day in which he declared that General Gamarnik had participated in the crime, and that

the final object of this band was to bring to an end, at any price and no matter by what means, the Soviet régime in the Union, to destroy

¹ See the *Survey for 1924*, pp. 175 *seqq.*

² An interesting conspectus of the spread of the terror in this field will be found in *The Manchester Guardian* of the 1st October, 1937.

³ See p. 13, above.

⁴ See the *Survey for 1934*, pp. 368-70.

⁵ See the *Survey for 1936*, pp. 376-7.

the Soviet power, to overthrow the government of workers and peasants, and to re-impose on the U.S.S.R. the yoke of the landlords and the industrialists.

To this end the Generals, according to Marshal Voroshilov, had perpetrated all kinds of military and economic sabotage; they had sought to sap the strength of the Red Army and to encourage aggression against the Soviet Union on the part of a foreign enemy; and, in return for the support on the home front which they had hoped to receive from their foreign Fascist masters, they had been prepared to dismember the Soviet Union by ceding the Ukraine.

This military 'purge' was not confined to the nine Generals who thus lost their lives. The entire Red Army was smitten simultaneously by a wave of arrests and dismissals which penetrated even to the lower ranks. At the same time Stalin revived the revolutionary practice of appointing, in each military district, a military council of three members who were the tyrant's own personal representatives and who were given extensive powers of control over the local military commander.

On the 14th June it was announced that twenty-eight more railway employees on the Amur section of the Trans-Siberian Railway had been shot at Svobodny on the same charge—of espionage and sabotage on behalf of Japan—that had been the death of the previous batch of forty-four. On the same day nine Party and Governmental officials appeared before the Supreme Court of the Ukraine at Odessa on a charge of having sought to stir up discontent against the régime by ill-treating the peasantry. On the same day again, at Moscow, Monsieur Rosengolz, the Commissar for Foreign Trade, was dismissed. The execution of the officer formerly commanding at Minsk, General Uborevich, who had been one of the eight Generals condemned to death on the 11th, was followed by some sensational civilian casualties in White Russia. On the 15th June it became known that Monsieur Goloded, the President of the Council of People's Commissars in the White Russian Soviet Republic, had been arrested, together with a number of his principal assistants, on a capital charge; and on the 17th Monsieur Cherviakov, who was the President of the Central Executive Committee of White Russia and the White Russian representative in the Central Executive Committee of the U.S.S.R., committed suicide. The conviction of the nine officials on trial at Odessa was announced on the 20th June (they had the rare good fortune of escaping the death-penalty).

At about the same time it was reported that foreign *saboteurs* were engaged in 'crop-wrecking' in Soviet territory by the method

of disseminating disease-germs, while citizens of the Union were being arrested in large numbers in many of the industrial districts on the charge of disorganizing Soviet industry by criminal incompetence and neglect.

On the 18th June it was announced that seven officials in the locomotive shop at Tashkend had been convicted and condemned (to sentences unspecified) as 'Trotskyite wreckers'; and thereafter the 'purge' was quick to extend itself in Central Asia. On the 24th June it was announced that the President of the Soviet Republic of Uzbekistan, Fā'izu'llāh Khojāyev, had been dismissed for having defended the good name of his brother, who had committed suicide after having been accused of 'Uzbek nationalism'.

On the 26th June the Chief of the Leningrad District division of the Commissariat of Internal Affairs, Monsieur Zakovsky, was awarded the Order of Lenin for his 'self-sacrificing fulfilment of most important orders from the Government'. The recipient of this high honour had earned it by detecting and 'liquidating' two batches of alleged spies—a batch of seventy who were said to have been in the service of Estonia, and another batch of more than fifty who were said to have been in the service of Poland.

On the 28th June the execution of thirty-seven more 'Trotskyites, Japanese spies, wreckers and diversionists', who were alleged to have been doing their nefarious work on the Far Eastern section of the Trans-Siberian Railway, was reported from Khabarovsk.

On the 3rd July rumours of the arrest of Monsieur Doletzky, the chief director of the Soviet official news agency, *Tass*, were confirmed by a denunciation of him on that date, in *The Ural Worker*, as a 'Trotskyite bandit' and a public enemy. It was rumoured later that Monsieur Doletzky had committed suicide. Sixty-one more executions at Svobodnoye (or Svobodny) in the Far East were announced on the 13th July. On the 18th it was announced that criminal proceedings were being initiated against the directors of the broadcasting stations at Kiev and Kharkov in the Ukraine (they had signified their disaffection this time by omitting to broadcast the official announcement of the conviction and execution of the eight Generals, after having been deprived of the gramophone records of Dead Marches which they had been in the habit of playing as their comment, over the ether, on the successive executions of members of Lenin's 'Old Guard' during previous months). On the 20th July it was announced that twenty-four more alleged 'Trotskyite and Japanese spies and wreckers' on the Trans-Siberian Railway had been convicted at Khabarovsk and executed (according to another

account the date was the 9th July and the place of execution the railway junction of Voroshilov-Ussurisk, near Vladivostok).

On the 23rd July it was announced that eight high officials of the Young Communist Organisation (Komsomol) had been disgraced for having committed Socrates' crime of 'corrupting the youth'. On the 24th July the Vice-Commissar for Foreign Trade, Monsieur Sudin, accused his own department of 'carelessness, mismanagement, dishonesty and criminal wrecking of Soviet interests'. (By this time Monsieur Rosengolz, the dismissed Commissar for Foreign Trade, was under arrest.) Next day it was the turn of the Press to become the target of the denunciations which it had so often been its duty to report in the case of other victims. On the 1st August the Hungarian Communist refugee Bela Kun, who had escaped the White Terror in his own country after his brief reign there in 1919,¹ was reported to have met his fate at Stalin's hands. On the same date (which, appropriately, was a Sunday) it was announced that thirty 'practitioners of religion' from Orel were to be put on trial. On the 4th August three officials were sentenced to death at Novorossisk on the charge of having poisoned 122 workers with infected liver-sausage. At about the same time the staffs of hospitals in Leningrad were accused of having wantonly administered morphia to children and of having caused many deaths in Tajikistan by sending bad serum to that outlying constituent state member of the Soviet Union. It was not, however, this serum, but Stalin's more deadly 'purge', that had already deprived Tajikistan of the services of her principal administrators, from the Prime Minister downwards. Espionage was the offence with which they were charged; and in the adjoining Soviet Socialist Republic of Uzbekistan, at Tashkend, the arrest of a Muslim itinerant preacher on the same charge was reported on the 7th August.

By the 8th August the witch-hunt in the ranks of the Komsomol had spread from Moscow as far south as the Ukraine and as far east as Western Siberia. The 10th brought announcements of further arrests in Tajikistan, Tashkend, Armenia, Abkhazia, the Don Basin and the Urals, and the 11th the announcement of seventy-two more executions of employees of the Trans-Siberian Railway (the shambles, this time, was at Irkutsk). On the 11th August Monsieur Besimiansky, who had performed the functions of a Soviet Poet Laureate, was expelled from the All Union Communist Party. At about the same time the Central Asian 'purge' spread from Taji-

¹ See *The History of the Peace Conference*, vol. i, pp. 353-7; vol. iv, pp. 159-61.

kistan and Uzbekistan into Türkmenistan; and the National Theatre of Armenia was arraigned for staging too few Russian plays and none at all from Georgia. On the 19th August the Irkutsk edition of *Pravda* reported the execution of thirty-four alleged members of a 'Trotskyite-Rightist, anti-Soviet terrorist organization' in Central Siberia. At Leningrad, on a charge of 'murderous sabotage', eight men were shot on the 20th August and nine more on the 23rd. At about the same time the Scientific Academy of Moscow was 'purged' for having improperly granted certificates to unsatisfactory examinees; eight alleged members of a Trotskyite gang of terrorists were sentenced to death by the Moscow Military Tribunal on the charge of having specialized in the assassination of Stakhanovites; and the President of the Executive Committee of the Moscow Soviet, Filatov, was dismissed.

Before the end of August a mawlā and a schoolmaster in Kirghizistan were sentenced to death for 'corrupting the youth' (they had been telling ghost-stories to children), while seven death sentences were passed at Ostrov, in the Leningrad district, on charges of 'agricultural sabotage', seven others at Tiflis on the same count, and fourteen at Minsk against 'Trotskyite poisoners' of the rations of Red Army units in White Russia. In the fortnight ending on the 6th September seven trials at Leningrad were reported to have produced fifty-one sentences in all. In the Vladikavkaz district ten 'Bukharinite Right Wing wreckers of collective farming and fomenters of armed revolt' were sentenced to death on the 6th September; and in Uzbekistan the same day saw the 'liquidation' of Ikramov, who had just been 'liquidating' the President of that Republic, Fā'izu'llāh Khojayeov. On the 10th September the Prime Minister of Tajikistan, Rahimbeyev, was disgraced. At Leningrad, in the meantime, three male cooks had been convicted by a military tribunal and shot on a charge of having, for counter-revolutionary terroristic purposes, deliberately given ptomaine poisoning to fifteen performers in an anti-gas drill.

At Moscow on the 15th September it was announced that Monsieur Krylenko (one of Lenin's own companions) had been dismissed from the Commissariat of Justice of the R.S.F.S.R. On the 17th it was announced that there had just been a general 'purge' in the Autonomous Soviet Socialist Republic of Bāshqyrdistan. On the 19th twenty more death sentences on railway employees were reported from Voroshilov-Ussurisk, and six death sentences on Trotskyite-Bukharinites from Kolushkino, near Rostov-on-Don. The same day brought news of a general 'purge' in Kirghizistan, and the 22nd

September news of high treason in Eastern Karelia. On the latter date death sentences were passed on eight petty officials of the Lotoshina district of the province of Moscow. On the 26th September twenty-one persons were executed on charges of agricultural sabotage in various parts of Russia-in-Europe, while at Irkutsk fifteen persons were condemned to death for terrorism and larceny. On the 27th it was announced that Monsieur Loredkipanidze, the President of the Autonomous Soviet Socialist Republic of Ajaristan, was on trial at Batum in company with ten of his colleagues. By this time the 'purge' was sweeping through Armenia and Azerbaijan. On the 28th thirty-one more death sentences were passed on charges of agricultural sabotage. On the 29th there were sixteen more shootings in Leningrad.

At the beginning of October the 'purge' was still proceeding in Uzbekistan and Tajikistan. On the 3rd October the Batum trial ended in the shooting of the President of Ajaristan together with the Vice-President and six other high officers of state. On the 4th October it was announced that eight employees of the Grain Trust had been sentenced to death on the charge of damaging food supplies (bringing the number of death sentences passed on this charge up to the figure of 114 within a fortnight). Simultaneously, the director of the Moscow Zoological Gardens, Monsieur Ostrovsky, was dismissed, and the head animal-feeder and a keeper were arrested.

They were charged with scaring the animals and giving them stomach ailments. Specific charges against the zoo employees, as announced by the newspaper *Izvestia*, included:

Staging ballet dances in the park;

Frightening the beasts with outdoor radio loud-speakers;

Slaughtering bears and water buffalo, distributing the meat among the keepers, and then remarking on the fatness of other animals;

Allowing tacks in bread for guinea-hens, and permitting strychnine in sausages given to badgers.

Prince Myshitsky, zoologist, was charged with denying veterinary treatment for sick animals. The head animal-keeper was accused of having a spy contact.¹

The tornado which thus had swept through the Zoological Gardens at Moscow descended, two days later, upon the naval base at Kronstadt. On that date it was announced that Admiral Orlov had been deposed from the supreme command of the Soviet naval forces. At Moscow the dismissal of the Commissar for Defence Industry, Monsieur Rukhimovich, was announced on the 16th October, and the same day brought news of a general 'purge' of officials, from the

¹ *The New York Times*, 5th October, 1937.

Prime Minister downwards, in the Buriat Autonomous Soviet Socialist Republic in the neighbourhood of Lake Baikal. At Minsk on the 17th it was reported that nine petty officials of the Zhabinski district of White Russia had been put to death on the charge of having plotted insurrection against the Soviet régime in the event of war with Poland and Germany. On the 19th twenty-four more executions on the charge of railway sabotage were reported from Svobodny. Next day it was announced that fifty-four persons had been shot at the capital of the Buriat Republic, Ulan Uday (the *ci-devant* Verkhne Udiinsk), on the 12th. On the 21st October it was reported that there had been a drastic 'purge' of the police—who had been infected with 'nationalist bourgeois delusions'—in the regions of Pskov, Leningrad, Eastern Karelia and Murmansk. On the 29th it was announced that the Union Commissar for Agriculture, Monsieur Chernov, had been dismissed, and that fifty-two more death sentences had been passed on charges of 'agricultural sabotage'.

Meanwhile, in Azerbaijan, the 'purge' had reached the stage of a trial of fourteen high officials, which opened on the 27th October and resulted in nine executions. In the Autonomous Soviet Socialist Republic of Abkhazia, thirteen high officials were put on trial on the 29th October on the charge of having plotted to murder Stalin, and ten of them were convicted and executed. On the 12th November it was reported that the Soviet Ambassadors to Germany, Poland and Turkey had been arrested, and that the Acting President of the White Russian Republic had been 'liberated from his duties'. In December it became known that two representatives of the Soviet Government abroad had sought, and been granted, asylum in France. One of the refugees was General Krivitsky, the chief inspector of Soviet military contracts abroad; the other was Monsieur Barmin, the *chargé d'affaires* at the Soviet Legation in Athens. Monsieur Barmin had applied (no doubt prudently) for a visa for France because the Communist Party cell in his Legation had ominously insisted that a tea-party between the *chargé d'affaires* and the captain of a Soviet ship that had put into harbour in the Peiræus was to take place on board the ship and not in the drawing-room of the Legation.

On the 16th December it was announced that the entire Astronomical Council of the Moscow Academy of Sciences had been liquidated for 'wrecking Astronomy' (for some time past there had been complaints in the Soviet Press that Astronomy was not being turned to proper account for the anti-God propaganda in universities, schools and workers' clubs). On the 19th December it was announced

that eight eminent Bolsheviks had been executed. The list included the well-known names of the ex-diplomatist Karakhan¹ and the former Secretary of the Central Executive Committee, Yenukidze. On the 20th December 'the twentieth birthday of the Cheka was officially celebrated . . . as the "all Union popular festival of victory" with concerts, meetings, and lectures in all factories, entertainments in schools, treats for tiny tots inhabiting homes and orphanages, and banquets in important Cheka centres for upper or ruling officials. Moscow's prison festival culminated in a great after-dinner concert in the Grand Theatre in honour of the agents of the Commissariat of the Interior (the successor of the Cheka and the G.P.U.).'²

The orgy of 'witch-hunting' which has been imperfectly recorded above occurred in a country which, at the time, was not only a state member of the League of Nations but was also blessed with a democratic Constitution. Its adoption, *nemine contradicente*, on the 5th December, 1936, has been recorded in the preceding volume.³ The elections to the two chambers of the new Soviet Union Parliament were held on the 12th December, 1937, and revealed a unanimity in support of Stalin which was almost up to the standard of Herr Hitler's plebiscites before the leader of the Third Reich had surpassed all his own previous records in his plebiscite of the 10th April, 1938, on the *Anschluss* of Austria. Out of an electorate of 94,138,159, no less than 91,113,153 (i.e. about 96.5 per cent.) cast their votes, and thereby turned 1,143 unopposed candidates into 1,143 deputies. To Western eyes the Soviet Union in the year 1937 wore the appearance of a gigantic madhouse; and the effect seemed too vast to be accounted for by dementia in one man's brain, however great the single madman's power. It seemed, indeed, more probable that the apparent all-powerfulness of the tyrant in the Kremlin was the effect of his madness rather than its cause, and that Stalin's strength, like Hitler's, lay in his representativeness. Stalin's madness was perhaps a reflection of the mental condition of the 170,000,000 inhabitants of the Soviet Union; and there was enough to account for these people's mental state in their social history. By 1937 little less than two-and-a-half centuries had passed since the backward population of Muscovy had first been subjected to the unnatural régime of a ruthlessly compulsory and feverishly hasty 'Westernization' by Lenin's forerunner Peter the Great, while twenty years had passed

¹ See the *Survey for 1924*, p. 222; the *Survey for 1925*, vol. ii, pp. 334, 337, 346-8, 366-7, 380; the *Survey for 1926*, pp. 281, 282; the *Survey for 1929*, pp. 357-8; the *Survey for 1930*, p. 359; the *Survey for 1934*, p. 686.

² *The Times*, 21st December, 1937.

³ The *Survey for 1936*, p. 376.

since the living generation had begun to be chastised with Lenin's scorpions in place of Peter's whips. It was not surprising that their nerves should have given way under this latest and sharpest turn of the screw. At any rate, whatever the explanation, the fact of Muscovy's madness¹ in A.D. 1937 was not in doubt; and this extraordinary event in the domestic history of one of the seven Great Powers of the day has been dealt with at some length in this *Survey* because of its vital bearing upon the contemporary international Balance of Power.

(d) THE HESITANCY OF GREAT BRITAIN AND FRANCE

At a moment when the Soviet Union had thus reduced itself to an unknown quantity while the United States was still holding aloof, the list of effective members of the League of Nations included only two Great Powers out of seven; and the effectiveness, in this field, of even these two Powers could not be taken for granted. At this time both the two West-European democratic Powers were suffering from a partial paralysis of the will which was a penalty of their virtues as well as their vices. The British and the French people alike were animated with a horror of war which deterred them from taking any initiative—however desirable in the public interest of Mankind and however urgent for the safeguarding of their own vital national interests—if this initiative could be shown to involve any appreciable risk of war.² If this common virtue of pacific-mindedness impeded France and Great Britain from throwing their full weight into their support of the Covenant under the international conditions prevailing in 1937, they were further inhibited by their respective national vices. In their attitude towards the League of Nations and all that it stood for, the British were excessively lukewarm and the French excessively self-seeking.

The lukewarmness of the British towards the League was to be measured, not so much by a comparison with contemporary standards in other countries, as in the historical perspective of Great Britain's own past policy and future prospects. An observer who took the former of these two measures might have found that the United Kingdom League of Nations Union was a decidedly more powerful

¹ A critic has made the pertinent comment that, if you cannot 'indict' a nation, you cannot 'certify' a nation either. It is true that a collection of human beings cannot be treated or regarded as an individual in any but a metaphorical sense, and it is also notorious that this particular use of the device of analogy is full of pitfalls. At the same time it is difficult to find any other figure of speech for dealing with the unquestionably real phenomena of mass psychology.

² See also vol. ii, pp. 136-8.

and effective body than any similar private society that had been organized with the same object in any other country during the post-war period. On the other hand, the amount of the support which the League of Nations received in the United Kingdom may seem no longer imposingly great, but rather surprisingly small, when we take our comparative view in the time-dimension instead of in the space-dimension.

British support of the League in the post-war years might have been expected to be strong because, under the particular conditions of the time, this was manifestly the most promising way of trying to carry on a policy which Great Britain had pursued consistently and successfully ever since she had come to rank as a Great Power.

The secret of Great Britain's success in the competition between the Great Powers of the modern Western World had lain in her constant concern, and her singular ability, to make her own national interests harmonize with the general interests of a preponderant part of the international society of which she was a member.¹ The British Empire overseas might be regarded as a gratuity which Great Britain had received from the majority of the states of Europe for assisting them to preserve the Balance of Power against the ambitions of a succession of Great Powers which had been tempted, each in its turn, to grasp at the alluring prize of an occumenical supremacy. This concern for the maintenance of the Balance of Power had never ceased to be one of the principal common interests of Great Britain and a majority of the other states of the Western World; but latterly—since the acquisition of the Second British Empire in the course of the General War of 1792–1815, and since the increase in the destructiveness of war owing to the advent of Industrialism and Democracy—a second common interest had arisen in the shape of a common concern for the maintenance of international law and order. During the century ending in 1914, British sea-power, combined with British money-power, had enabled Great Britain to provide the world with at least the rudiments of a world-

¹ A classical exposition of this vital element in the tradition of British foreign policy had been included in Sir Eyre Crowe's celebrated memorandum of the 1st January, 1907, on 'The Present State of British Relations with France and Germany': 'The danger [of a hostile combination] can in practice only be averted—and history shows that it has been so averted—on condition that the national policy of the insular and naval state is so directed as to harmonize with the general desires and ideals common to all mankind' (*British Documents on the Origins of the War of 1914–18*, edited by G. P. Gooch and Harold Temperley and published by H.M. Stationery Office, vol. iii, p. 402).

order out of her own national resources.¹ These solely British resources, however, had been proved, by the outbreak of the General War of 1914-18, to be no longer adequate for the performance of their great and ever-growing task. At the Peace Conference of Paris it was already evident that, if the rudimentary world-order of the pre-war era was to be restored and strengthened, this could only be done by putting the *Pax Britannica* into commission; and the League of Nations which was then established might be described not inaccurately, at any rate from the British point of view, as an attempt to maintain and improve an international public service of British origin by placing it on a co-operative basis.

On this showing, the League provided the field for pursuing, under post-war conditions, the pre-war British policy of making British interests and general interests jump together; and the apparent failure of the greater part of the British 'Governing Class' to grasp this fact and to act upon it might seem to indicate that this class was losing that sharp sense of political realities for which it had been justly renowned in the past. Indeed, if this were the true touchstone of political 'realism' in Great Britain in these days, almost the only indubitable 'realist' was Mr. Winston Churchill, who was never weary of presenting the League to his countrymen's attention as the latest instrument for carrying out the traditional foreign policy of the country.

Whatever exertion and sacrifice we made [said Mr. Churchill in the House of Commons at Westminster on the 7th March, 1938] we would not be strong enough for a long time to preserve our national independence and our Empire by acting alone. We must on this occasion seek a firm and sure ally or allies within the ambit of the Covenant of the League so as to enable us to present in the aggregate a genuine and sufficient preponderance of force to deter an aggressor. Then, when we had marshalled and organized superior strength among the nations and in our own country, should we be able, by good will and wise magnanimity, to find our way back to those domains from which we now seem to have been driven—those domains of assured peace, of freedom, and even of sanity.

This was, however, the voice of one crying in the wilderness; for most of the British statesmen and publicists who took a hand in shaping British public opinion in regard to the League during these post-war years concurred with one another in presenting 'the Genevan institution' as a new departure which was not part and

¹ Another contribution towards the establishment of a world order, which was made, during the same hundred years, by the institution of 'the Concert of Europe', has been noticed on pp. 6-7, above.

parcel of the historic tissue of international life. In this unrealistically abstract and academic light the British *anima naturaliter liberalis* tended to hail the League as a heaven-sent panacea for the ancient social malady of international anarchy, while in the selfsame light the British *anima naturaliter conservatoria* saw the selfsame institution as one of the passing foibles of the cranks: a utopia which might be tolerated in times of ease as a harmless luxury, but which must be sternly frowned upon as 'midsummer madness'¹ in times of stress, and which must be resolutely brushed aside, or even brutally trampled in the mud, if ever the path of the Covenant threatened to become a road to war.

Indeed, Mr. Churchill might have indicted his fellow Conservatives, had he chosen, for having willed the means to the proper post-war foreign policy for Great Britain without having ever willed the end itself; and, conversely, the Conservatives could, and did, effectively gibe at the Opposition for having willed an end for which they had never willed the means. It was indeed true that, throughout the thirteen years following the Armistice of the 11th November, 1918, the Left in Great Britain had advocated a policy of fulfilling the Covenant up to the maximum, while at the same time advocating a policy of reducing armaments to a minimum, with little regard to the military aspect of British international obligations. It was not till the Abyssinian issue of 1935-6 had brought Great Britain within sight of war, in fulfilment of the Covenant, against another Great Power that the British Left split² into a consistently and impenitently 'pacifist' minority and a 'sanctionist' majority who were now willing to reverse their attitude on armaments for the sake of persevering in their policy of supporting the League. This abrupt *volte-face* of a majority of the Opposition made it possible for the Government—after a two-years' time-lag which, in Mr. Baldwin's declared opinion, was the inevitable price of Democracy³—to start a process of rearmament on the grand scale⁴ with at least the passive acquiescence of almost the whole country. Nevertheless, the Government's lukewarmness towards the political purposes of rearmament as expounded by Mr. Churchill, and the Opposition's lukewarmness

¹ Mr. Neville Chamberlain on the 10th June, 1936, *à propos* of the question of continuing sanctions against Italy after she had brought her campaign against Abyssinia to a successful conclusion (see the *Survey for 1935*, vol. ii, pp. 462-4).

² See the *Survey for 1935*, vol. ii, section (ii) (e), especially pp. 61-3.

³ 'Democracy may lag two years behind a Dictator' (Mr. Baldwin at Glasgow on the 18th November, 1936).

⁴ See the *Survey for 1936*, Part I, section (iii) (c).

towards the military means of supporting the League, both still persisted at the time of writing in the spring of 1938; and this 'unrealistic' division of British opinion was a source of moral weakness which was thrown into ever sharper relief by the progress in the United Kingdom's material preparations for war.¹

If it was a deficiency in 'realism' that made the British attitude towards the League unduly lukewarm, it was perhaps an excess of 'realism' that made the French attitude unduly self-interested. In 1937 Mr. Churchill's longer-sighted reckoning of 'enlightened self-interest' was still making remarkably little impression upon the minds of even the intelligent public in the English-speaking countries—perhaps because even the seven million inhabitants of London were slow to awake from the illusion that they had been invested with an inalienable and everlasting security against hostile attack from abroad by a fortunate geographical accident that in truth had recently been corrected by the invention of aeroplanes. A habit of mind that had been induced by hundreds of years of history could not be eradicated by the contrary experience of half a lifetime. It was therefore in continental France, and not in the hitherto insular English-speaking countries, that the idea of collective security proved strong enough, in the post-war period, to dominate public policy persistently, whatever administration might be momentarily in office.

A comparison of the respective French and British attitudes in 1919 and in 1937 might give, at first sight, the impression that the two peoples had exchanged rôles. In 1919 the League had been forced upon the attention of the French as a quasi-religious and wholly fantastic Anglo-American project of much the same order of foolishness as the Tsar Alexander I's Holy Alliance. In 1937 the French were clinging to the Covenant while the British 'Governing Class' were showing signs of impatience to banish this piece of Anglo-Saxon bric-à-brac to the lumber-room. The truth was, no doubt, that in the interval the French, without swerving from the pursuit of their own national interests, had come to perceive how the League might be pressed into the service of these.

After the experience of France in the General War of 1914–18 it was no longer possible for any Frenchman to hug the illusion, which died so hard on the English side of the Channel, that he was the citizen

¹ The confusion of motives, aims and views in Great Britain at this time was illustrated by the strange *mésalliance* between a pacifist Labour and an isolationist Conservative opinion, and by a perhaps equally strange inclination (of which the present writer was at times conscious in himself) on the part of convinced collectivists to make use of arguments drawn from the armoury of Imperialism.

of a country which was capable (in the language of the Covenant) of 'standing' by itself 'under the strenuous conditions of the modern world'. Even on the morrow of the Armistice, when Germany was lying prostrate, the French were acutely aware that they would no more be able to retain the fruits of victory than they would have been able to win the war without allies, and they read the Covenant as an indenture of partnership between France and any other states that might be willing to collaborate with her in maintaining the post-Armistice superiority of the anti-German camp in Europe over Germany. In French eyes the League was primarily an instrument for perpetuating, to Germany's disadvantage, a peace settlement which, on all the precedents, was bound to be transitory; and, except in so far as the League could be made to minister to this French *tour de force*, the French had little interest in, or feeling for, it—as was shown by their extreme indifference to the breach of the Covenant by Japan in Manchuria in 1931, and by their energetic, determined and decisive intervention to prevent any effective application of the Covenant against Italy in Abyssinia in 1935–6. In that supreme crisis of the League the French saw, not the danger of a defeat of all the post-war hopes of establishing a world-order, but merely the danger of Italy's abandoning the Stresa Front and entering into an entente with Germany. Monsieur Flandin had no use for the League if, instead of assisting France to maintain her anti-German front at the necessary strength, it threatened to drive a Great Power into the German camp out of the French. This French outlook explains why the French, when they had done little or nothing for the League in Asia in 1931 and had actually done their worst for it in Africa in 1935–6, were still striving in 1937 to bolster it up in Europe. For the French the League signified, in the last resort, an 'ideological' façade that lent an air of principle and virtue to the military alliances between France and certain other European states on Germany's opposite flank which had as good reason as France had to dread and resist the process of Germany's resurgence.

It may be noted that this was neither a French idiosyncrasy nor a newfangled craze.

The French had, in fact, come to see in the League a new instrument for carrying out one of the traditional operations of diplomacy. Long before the League of Nations, or any of the preceding schemes for establishing international law and order, had been mooted, it was already a commonplace of international statesmanship that the best defence for the integrity of the statesman's own country was often to be found in defending the integrity of a neighbour. Indeed, it was

almost of the essence of a Great Power's foreign policy that it should not contemplate submitting to the indignity of allowing its own territory to be made a target for attack,¹ but should take it as a *casus belli* if its adversary ventured to trespass upon the no-man's-land between the two opposing camps. Great Britain, for example, had asserted her title to rank as a Great Power by thrice fighting France on Flemish, and not on British, soil in a war for the vindication of the integrity of the Netherlands as a buffer state for Great Britain,² and again by fighting Russia in the Crimea, and not on the Indus, in a war for the vindication of the integrity of Turkey as a buffer state for British India. The same policy had been extended to the defence of the integrity of an ally on the enemy's opposite flank. In the Middle Ages France had thus championed Scotland against England; and she was therefore following an old-established tradition of statecraft in refusing, in 1937, to disinterest herself in the fate of the European countries to the east of 'the Rome-Berlin Axis'.

(e) THE SABOTAGING OF THE LEAGUE BY 'THE TRIANGLE'

The French use—or abuse—of the League helped to confirm Germany in a view of 'the Genevan institution' which she shared with Italy and Japan. On this view the League was primarily a hypocritical device for giving a spurious moral sanction to a momentary international distribution of this world's goods which was grossly inequitable. This thesis did not quite hold water, since the first of the Great Powers to turn its back on the League had been the United States,³ which was the Power with the greatest possessions of all,⁴ while the Soviet Union, which was the second richest of the 'possessor-Powers', at least in potential wealth, had been the last of the Great Powers to apply for membership.⁵ Nevertheless, there was a grain of truth in this hostile reading of the use to which the League had in fact

¹ This point is made in a passage, quoted on p. 11, above, from a letter written, towards the close of the year under review, by the American statesman Mr. Henry L. Stimson.

² First in the War of the Spanish Succession, and then again in 1792 at the beginning, and in 1815 at the close, of the general war between Revolutionary and Napoleonic France and the other Powers of the Western World of the day.

³ See *The History of the Peace Conference of Paris*, vol. vi.

⁴ These great American possessions, however, were none of them derived from the spoils of the peace settlement of 1919–20, and were also none of them directly or immediately in jeopardy.

⁵ See the *Survey for 1934*, Part III B, section (i) (c). The German view of the League had been held, and expressed, by the Soviet Government down to the eve of their own application for membership—with the merely verbal difference that, in the Russian vocabulary of vituperation, the League Powers were called 'capitalists' instead of 'victors'.

been put (whatever might have been its founders' intentions); and this grain was magnified by the 'anti-League' Powers because it gave them an opening for presenting their own attitude and conduct, both to themselves and to the world at large, in a not unflattering light. They repudiated, with a not altogether fictitious indignation, their opponents' opprobrious picture of them as 'gangsters' who were working to overthrow the rule of law in order to gain a free hand for committing the crimes which they were planning. They offered an alternative picture of themselves as prisoners 'rightly struggling to be free' from fetters that had been fastened upon them by swindlers dressed up as policemen.

This denunciation of the League as the 'possessor-Powers' specious instrument of injustice had been heard on Japanese and Italian lips when Japan and Italy had, each in turn, run full tilt against 'the Genevan institution'. Germany had avoided a head-on collision as yet—that is to say, down to the time of writing in April 1938. At the same time, Germany's resentment against the League was harboured with juster cause—and was therefore probably believed in with firmer conviction and felt with deeper emotion—than either Japan's resentment or Italy's. The two latter Powers, after all, had emerged from the General War of 1914–18 on the winning side; and their grievance in regard to the peace settlement¹ was that their war gains had been disproportionately slight by comparison with their allies' profits and with their own deserts and expectations. On the other hand, Germany, as the principal vanquished Power, had had to make her contribution to the payment of Italy's and Japan's, as well as France's and Great Britain's, bill; and she had therefore a better case than either of her eventual associates for representing that she had first been shamelessly robbed and then been cynically put in irons in order to prevent her from taking steps to recover her stolen property. On these psychological grounds, taken together with Germany's pre-eminence over Italy and Japan in latent physical strength, the German campaign against the League in particular, and against the principle of collective security in general, was decidedly the most formidable of the three.

¹ The most substantial grievance of an international order under which Italy and Japan laboured in the post-war period had nothing to do either with the peace settlement or with the League of Nations, since it consisted in the repercussions, upon the domestic life of these two Powers with dense, and still rapidly increasing, populations, of the post-war restrictions on immigration into the United States (see the *Survey for 1924*, Part I B, sections (ii) and (vi)). Japan's grievance under this head was not the less grievous for being moral rather than material.

In 1937 this issue was debated at long range between German spokesmen on one side and French and British spokesmen on the other.

On the 12th January, 1937, in a speech delivered at the annual dinner of the Foreign Press Association in London, Mr. Eden dwelt on the necessity for international co-operation and asked for recognition of the 'fundamental fact that in the modern world nations are all members one of another, economically if not politically'. Again, on the 19th January in the House of Commons, Mr. Eden argued that 'economic collaboration and political appeasement must go hand in hand'; and he went on to apply this general proposition to the particular case of Germany:

The future of Germany and the part she is to play in Europe is to-day the main pre-occupation of all Europe. Here is a great nation of 65,000,000 people in the very centre of our Continent which has exalted race and nationalism into a creed which is practised with the same fervour as it is preached. All the world is asking at this present time whither these doctrines are to lead Germany, whither they are to lead all of us? . . . Europe cannot go on drifting to a more and more uncertain future. She cannot be torn between acute national rivalries and violently opposed ideologies, and hope to survive without bearing scars which will last for a generation. Germany has it in her power to influence a choice which will decide not only her fate, but that of Europe. If she chooses co-operation, there is nobody in this country who will not assist wholeheartedly to remove misunderstandings and to make the way smooth for peace and prosperity.

The German Press comment on both these speeches of Mr. Eden's was adverse. It was intimated that Germany was unwilling to enter into any general settlement that would require of her a modification of her own national policies. And Mr. Eden was taken to task by Herr Hitler himself on the 30th January in the Reichstag for representing the German Four-Year Plan of economic development as a rejection of the idea of international economic co-operation; for suggesting that the level of national armaments should be a matter for international agreement (when Italy and Japan, as well as Germany, knew better); and, above all, for clinging to the League of Nations. Some of Germany's views and intentions which were apparently incompatible with the Covenant in Herr Hitler's own estimation were set forth in this speech:

The unreasonable division of the world into peoples who have and peoples who have not does not remove or solve problems. If it is to be the task of the League of Nations only to guarantee the existing state of the world and to safeguard it for all time, then we might as well entrust it also with the task of guarding the high tide and the low tide,

or of regulating for the future the direction of the Gulf Stream. Its continued existence depends on the extent to which it is realized that necessary reforms which concern the relations of the nations must be considered and put into practice.

If the Gulf Stream which the League was vainly striving to dam was to be interpreted as signifying Germany's *Drang nach Südosten*, then it might be inferred that one of the 'necessary reforms' that the German Führer had in mind was the suppression of a number of Central and East European *Saisonsstaaten*.

The bad reception which Mr. Eden's speeches thus encountered in Germany was also the fate of a speech by Monsieur Blum at Lyon on the 24th January in which the French Prime Minister underlined the British Foreign Secretary's thesis. In taking up the suggestion that there should be 'direct conversations' between France and Germany, Monsieur Blum took care to rule out in advance the possibility that such conversations might lead to a bilateral arrangement between France and Germany alone. The French Prime Minister expounded the French theory—'based on reality'—as being that

no engagement limited to France would guarantee the security of France. . . . Our objective is still the settlement of European problems. We have proved that to achieve this we are ready to make the frankest and most unselfish contribution, but it is in view of a general settlement, or within a general settlement, that we seek a solution of the Franco-German problem.

Monsieur Blum expressly disclaimed any intention of driving a bargain in which Germany would be required to make political concessions in exchange for receiving economic advantages; but at the same time he drew attention to the indissolubility of the interdependence of economic recovery and armaments limitation. The French Prime Minister's proposal was described in the columns of the *Völkischer Beobachter* as

a political-economic barter transaction which is not far removed from being a dubious deal of genuinely Oriental pattern, a deal intended to provide France with fresh security, less for herself than for her little and big clients in the Middle and Eastern European area, including the Soviets.

In the eyes of the official organ of the National-Socialist Party, Monsieur Blum's crowning offence in this speech was his re-avowal of 'a long-cherished, never-abandoned desire' for an armaments agreement 'with the Reich and all the rest of the world'.

The French Prime Minister's theme was taken up by the French Foreign Minister, Monsieur Delbos, in a speech delivered on the

31st January, 1937, at Châteauroux, and this speech likewise was ill-received in Germany—particularly a reminder in it of the links between France and the Soviet Union:

We feel that we have strengthened general peace, at the same time as we have strengthened French security, by tightening the bonds which unite us to other peaceful-minded countries. Our intimate relationship with England, the solidarity of our agreements with the Little Entente, Poland and the U.S.S.R., constitute for us so many guarantees in our struggle against war.

A no less hostile reception was given in Germany to Mr. Eden's speech in the House of Commons on the 2nd March—in spite of the fact that on this occasion Mr. Eden had been addressing himself mainly to the Parliamentary Opposition and had been concerned to circumscribe, more narrowly than was to their taste, the limits of British obligations under the Covenant. The same hostility was shown in Germany again to Mr. Eden's speech in the League Assembly at Geneva on the 20th September, which had concluded on the note that 'by co-operation we can achieve much; in conflict we shall lose all'.

The acerbity with which the German Press rejected the pleas of MM. Eden, Delbos and Blum for a general settlement on a basis of international law and order might be discounted to some extent in view of the personal unpopularity of Mr. Eden, and the 'ideological' unpopularity of the French Popular Front, in Nazi circles. There were, however, also unmistakable indications that 'the Third Reich' was opposed to the Anglo-French policy itself, and not merely to the statesmen who were expounding it. This came out, for example, *à propos* of a statement made by the British Pacifist, Mr. George Lansbury, on the outcome of an interview which Herr Hitler had given him in Berlin on the 19th April, 1937:

Germany will be very willing to attend a conference and take part in a united effort to establish economic co-operation and mutual understanding between the nations of the world, if President Roosevelt or the head of another great country will take the lead in calling such a conference.

The text of this statement had been passed for publication by Herr Hitler himself; but when the statement was taken up eagerly in the British Press as offering a new opportunity for reconciliation, the German Press explained that it merely reaffirmed a general principle and implied no new departure. More significant, perhaps, was the tenor of an address on the German Government's attitude towards collective security and the League of Nations which was delivered on the 30th October, 1937, in Munich, at a plenary session of

the Academy of German Law, by the Foreign Minister of the Reich, Herr von Neurath. The thesis of this well-considered and authoritative exposition was that the collective idea of security was an illusion and that a devotion to it was not the touchstone of pacific-mindedness:

Not infrequently we hear speeches from abroad which identify the unconditional preference for the methods of collective security with the will for peace and international collaboration and, on the other hand, regard the declining or even the criticism of such methods as a lack of will for peace or collaboration. Such an identification is wrong and is most emphatically repudiated by us.

More significant still was the issue on the night of the 13th November, 1937, of a violent diatribe in the Nazi *Parteikorrespondenz*, suggesting that Lord Halifax's then imminent visit to Germany¹ might have to be put off because of certain conjectures in the British Press regarding the scope and tenor of the coming conversations. The conjecture that gave most offence in Germany was a suggestion that Herr Hitler might be prepared to postpone for a time his claims against the British Empire for a restitution of the former German colonies in exchange for a free hand for Germany in the immediate future in Central and Eastern Europe. This conjecture was described as an 'outrageous calumny'—and this not against Lord Halifax, who had been accused by a British pen of being willing to repudiate British obligations towards third parties in order to purchase a temporary relief from the pressure of German claims on property that was in British hands. The 'outrageous calumny' was against Herr Hitler, who had been accused in this British newspaper of being willing to forgo, even temporarily, Germany's 'rights' overseas for the sake of expediting the vindication of her 'rights' in Europe.

Even Mr. Chamberlain, whose views on the League and collective security were by this time already being commended in the German Press on account of their alleged divergence from Mr. Eden's, was taken to task in Germany for having said, in the House of Commons at Westminster on the 21st December, 1937, that 'His Majesty's Government would continue to give' the League 'their warmest support', and that the Government had 'a definite objective' which was 'a general settlement of the grievances of the world without war'.²

¹ See pp. 336 *seqq.*, below.

² This was no news on Mr. Chamberlain's lips. As far back as the 29th January he had declared, in a speech delivered on that date in Birmingham, that 'the attainment of a general European settlement' was 'one of the major objects of British foreign policy' to which he hoped that it might be possible for the British Government 'to devote more attention'.

The sincerity of Mr. Chamberlain's pursuit of a general settlement was attested, after Lord Halifax's visit to Germany on the 17th-21st November and MM. Chautemps's and Delbos's visit to England on the 28th-30th November, by his reply to the question, which was put by Mr. Attlee in the House of Commons on the last-mentioned date, whether it was proposed to extend the conversations with Germany and with France to other countries.

The ultimate object which we have in view is what is described as a general settlement. It is quite obvious that no general settlement can be arrived at merely by conversations between two or even three countries, and therefore we must ultimately contemplate that other countries will be brought into the conversations. At the same time I wish to make it clear that I do not think that we have got as far as the advisability of an immediate extension of the conversations, although that may come at a later stage.

From the German standpoint, these official statements from the mouth of the British Prime Minister were perhaps less promising than an article in a British newspaper¹ from the pen of Monsieur Flandin, a former French Prime Minister who might one day perhaps return to office.

In certain quarters, France is adjured to remain intransigent in respect of a partial and temporary renouncement of the ideals embodied in the Covenant of the League of Nations. And, from the same side, it is proposed that France should assume the honourable but dangerous duties of a European policeman. Is it in France's interest to enter into these views? As long as the execution of the treaties of mutual assistance was assured, both morally and effectively, by the interplay of guarantees of co-operation consigned in the Covenant against a potential aggressor, it might have been possible for France to incur this risk. Since, however, the vanity of such collective guarantees has been demonstrated in practice, it is difficult for France to maintain a purely ideological policy. . . . If France were to assume the rôle of a European Don Quixote, this would involve a maximum effort on the part of the French people with a view to rearmament and remilitarisation; and the French nation would at the same time have to interpret and accept this charge in view not only of the defence of its territory when attacked, but also of an offensive war in which it would have to intervene against an alleged aggressor in virtue of a much more complex and general system of alliances than those of the pre-war period.

In this passage, the French statesman implicitly conceded to the German Führer² that military right of way through the cordon of

¹ *The Sunday Times*, 19th December, 1937.

² Monsieur Flandin had had a talk with Dr. Goebbels in Berlin on the 13th December, *en route* from Copenhagen to Paris.

international law which was the essence of Herr Hitler's demand upon the two Great Powers that were the last still standing pillars of the Covenant. It was perhaps significant that—whether independently or in reminiscence of Monsieur Flandin's above-quoted phrase—Mr. Chamberlain, in the speech which he delivered in the House of Commons on the 21st December, two days after Monsieur Flandin's article had appeared, contended against Mr. Attlee that to constitute themselves 'the policemen of the world' was a task beyond the strength of the British nation, even with the backing of the League, at a time when the League was 'mutilated' (by the self-erasure of one Great Power and the defection of three).

The defection of Italy had, of course, taken place morally when Signor Mussolini had planned his aggression against Abyssinia, and it had been consummated *de facto* in the autumn of 1935 when the Italian troops had crossed the frontier¹ and the Italian breach of the Covenant had been certified by the representatives of fifty states at Geneva.² *De jure*, however, Italy remained a member of the League until the 11th December, 1937, when Signor Mussolini, speaking from his balcony to a crowd in the Piazza Venezia at Rome, announced that Italy's 'unheard-of patience' was at last exhausted, and that she was departing, 'without one pang of regret, from the tottering temple in which they do not work for peace but prepare for war'.

In the following sentences Signor Mussolini referred to a rumour that Italy was not taking this belated step entirely on her own initiative.

It is simply grotesque [he declared] to believe, or create a belief, that our attitude has been determined by pressure: there has been none, and could not have been any. Our comrades of the Berlin and Tokyo Axis have shown, to tell the truth, a perfect discretion.

After Signor Mussolini's announcement the necessity for this discretion was at an end, and the jubilation with which the news was greeted in Germany made it evident that the Reich was as much delighted with the Duce's decision as if it had been the Führer's own idea. Italy's secession from the League did, in fact, serve Germany's interests admirably at a time when the Foreign Minister of France was touring the capitals of France's allies on the eastern flank of 'the Berlin-Rome Axis' in the hope of inducing them to stand shoulder to shoulder with France and with one another in League formation.³

¹ See the *Survey for 1935*, vol. ii, pp. 199–200, 382–3.

² *Op. cit.*, pp. 208–12.

³ See pp. 340–5, below.

On the 12th December, accordingly, the following statement was circulated by the German official news agency:

The decision of the Fascist Government to declare the departure of Italy from the League of Nations and the highly important statement with which the Duce has justified this decision find full understanding and the warmest sympathy in Germany. For some time past no doubt could have existed as to the fundamental attitude of Italian policy to the League. . . . But it is of the greatest importance that the Italian Government have finally clarified the situation by the decision announced yesterday.

In a final paragraph the door was not only slammed but was also bolted.

The Reich Government . . . in full agreement with the Italian Government, will not let themselves be moved from the conviction that the political system of Geneva is not only a failure but is pernicious. A return of Germany to the League will accordingly never come into consideration again.

On the 15th December the Italian Government telegraphed to the International Labour Office at Geneva a notification of their withdrawal from that organization also. The Italian nationals on the Secretariat of the League who were at the same time officials of the Italian state promptly resigned from their Genevan posts. Thereafter the former permanent delegate of Italy at Geneva, Signor Bova-Scoppa, called a meeting of all the Italian officials of the Secretariat and the I.L.O. and informed them that, while the Italian Government would not exert any pressure on them, it would favour a general resignation on their part.

(f) 'THE TRIANGLE'S' INTENTIONS AND PROSPECTS

Whether the spokesmen of the 'Triangle' Powers were right or wrong in their confidently proclaimed assurance that the League was now *in extremis* was a question that could only be answered by the course of events. There could be no doubt, however, of these Powers' eagerness to overthrow the post-war system of international law and order; and this undoubted fact raises the question of what the 'Triangle' hoped to put in the League's vacated place.

Its place [according to the Berlin *National Zeitung* of the 12th December, 1937] has been taken by the strength of the young nations. . . . The triangle Germany-Italy-Japan has taken up a more universal task than the League ever adopted. This task of the New World is to end obsolete positions of monopoly and create a world-order in which the really vigorous nations can live together.

Certain rudiments of a world-policy common to all three 'Triangle' Powers had indeed already begun to appear.

The first, and most valuable, trick of the 'Fascist' Powers' trade was their profession of being engaged in a 'holy war' against 'Communism' in the cause of 'Civilization'. This gesture was nicely calculated to enlist in their favour the sympathies of the Western *bourgeoisie*. In the first place, it conveyed the suggestion that the invaders were performing a disinterested, perilous and meritorious public service, for which they were entitled to reap a reward. In the second place it reminded the bourgeois democrats that, however much they might dislike Fascists, they disliked Communists still more, and that the deeper of these two dislikes was a common, albeit negative, bond between Fascism and bourgeois Democracy.

If they could thus put, and keep, Communism 'on the spot' as Civilization's 'public enemy number one', the Germans, in particular, would thereby be making sure that they themselves were not going to be cast for that rôle again, as they had been cast for it in and after the General War of 1914-18. The Germans knew from experience how painful and also how detrimental it was to be branded by the world as 'Huns', 'baby-killers', 'pirates', 'kadaver-consumers', and the other opprobrious labels that had been fastened on them from August 1914 onwards. The mark of Cain which their adversaries had then succeeded in affixing to them had been one of the causes of their defeat and one of the excuses for the harshness of the victors' peace-terms. And the almost world-wide war-time feeling that the Germans were 'beyond the pale' of Civilization immediately revived—after having gradually died down everywhere except, perhaps, in Belgium and France—upon Herr Hitler's advent to power in January 1933. The Nazis achieved little success in their strenuous attempts to damp down the this time more genuine and disinterested feelings of abhorrence that were aroused, far and wide through the Western World, by their persecution of Jews, Marxists, Liberals and Pacifists, by their intolerance towards Religion, and later by their experimental 'frightfulness' in a Spanish theatre of war.¹ They were more successful in persuading the Western public that Nazis were not, after all, the blackest criminals in a world that was also infested by Bolsheviks.

This 'preventive' use of the Bolshevik bogey for occupying a pedestal in the Western Chamber of Horrors on which the Nazis themselves might otherwise have been forced to stand was evidently of special moment to a nation who had an evil reputation of their own to live down. But the same theatrical property was also not without

¹ See the *Survey for 1937*, vol. ii. p. 186.

its value for Germany's two 'totalitarian' partners, since Italian Fascism and Japanese militarism were only less unpopular than German National-Socialism in the eyes of the Western public, and this *a priori* odium, which these other two varieties of 'totalitarianism' almost automatically incurred simply for being what they were, had latterly been enhanced by the hatefulness of their doing what they had done—the Japanese in Manchuria and in intra-mural China since the autumn of 1931, and the Italians in Abyssinia since the autumn of 1935.

If the 'Triangle' Powers' anti-Communist 'holy war' was thus valuable as a prophylactic, it was also valuable as a stalking-horse. So long as he was careful to show the glint, and jingle the trappings, of his crusader's armour, the self-dubbed Fascist 'Red Cross Knight' might hope to sidle up to within striking distance of an intended bourgeois victim before the unsuspecting creature took alarm. The blow could then be delivered when it was too late for the victim to parry it;¹ and when his throat was being cut and his cries were going up to heaven, the butcher could still put in a plea of 'killing no murder'; for he could plausibly claim to be performing the unpleasant but expedient public service of slaughtering cattle that had been infected with the Communistic foot-and-mouth disease.

The elegance of this last device lay in its applicability to almost any and every victim whom the three anti-Communist crusaders might choose, for their own reasons, to 'put on the spot'. They had merely to cast the red shirt over their victim's shoulders—and in this sleight of hand they were as deft as matadors—for the stage property to stick and scald like a shirt of Nessus drenched in mustard gas. By the year 1937 it had become customary for each of the three 'totalitarian' Powers to claim—as an integral part of its own inalienable right of self-defence—a title to seek out and destroy Communism in any country where, in the crusader's own opinion, the monster was raising its head.² This was a revival, in twentieth-century dress, of the Holy Alliance's pretension to put down 'revolution' anywhere and everywhere, from Hungary to Peru, in the name of 'legitimacy'. And it may be noted that, in making this claim to exercise a world-wide police-power, the 'Triangle' went far farther than the League, which never sought to put a constraint upon states save in the single

¹ In France, in November 1937, the conspiracy of the 'Cagoullards' was detected just in time.

² Signor Mussolini, for instance, told a representative of the *Völkischer Beobachter* in January 1937 that he would regard the establishment of a Soviet State in Spain or in any part of it as a disturbance of the *status quo* in the Mediterranean (see vol. ii, pp. 179–80).

eventuality of their committing aggression against their neighbours—whereas the 'Triangle' Powers, who in one breath were denouncing the League for its insufferable meddlesomeness, were in the next breath arrogating to themselves a title to interfere, at their own discretion and *manu militari*, in their neighbours' internal affairs.

This pretension was no mere formality—as was demonstrated by the fact that in 1937 Italy and Germany were intervening, on the strength of it, in Spain, and Japan on the same excuse in China. In both these countries the legitimate Government had been 'put on the spot' and then attacked with all the devilish engines of modern Western scientific warfare; and if the Governments at Nanking and Madrid could thus be denounced and assaulted without redress, then few Governments in the world could feel secure. By the time when President Chiang Kai-shek was denounced at Tokyo as an accomplice of 'the Reds', he had already disproved the accusation in advance by many years of strenuous activity in fighting the Communist element in China itself and in keeping the Soviet Union at arm's length. As for the Government which had been brought into power in Madrid by the Spanish general election of February 1936, it was composed almost entirely of bourgeois Liberals and included no working-class Socialists or Communists;¹ and however grievously the forces of disorder in Spain might have broken loose during the four months that had elapsed between the holding of the elections and the insurrection of General Franco and his comrades with Italian and German assistance,² the régime in Spain which the two 'Axis' Powers thus took French leave to assail by force of arms was not intrinsically different in composition from Governments that had existed or were in existence or might come into existence in many other countries. At that very time, for instance, both France and Czechoslovakia were being administered by Governments with a Socialist element in their composition; and the same two countries were also bound by treaties of mutual assistance with the Soviet Union. On the precedents of China and Spain, both Czechoslovakia and France in 1937 were exposed to a risk of being 'put on the spot' by one or both of the 'Axis' Powers and being 'cleansed' of their 'infection' in a blood-bath.

This was indeed broadly hinted by Dr. Goebbels in a speech delivered at Hamburg on the 4th February, 1937:

If we are accused of having none or only very unfriendly words to say about Czechoslovakia, the reason is that in our opinion their military alliance with Moscow is a great danger for Europe. It is of no

¹ See vol. ii, p. 20.

² See *op. cit.*, pp. 20-3.

significance that Czechoslovak statesmen say to us that their aerodromes are not Red but Czechoslovak. The only question is: At whose disposal will the aerodromes in the last resort be placed? Practically Czechoslovakia to-day is the aircraft mother-ship of Moscow. . . .

We see that in France things are going the way they went in Germany before we National Socialists called a halt. With modern technique, even an island can no longer remain unaffected by cultural movements in Europe. . . . A classic example is Spain, whose struggles every German can observe with the deepest sympathy. The danger is acute also for France and for Western culture in general. . . . It is important to pull the nations back from the threatening abyss.

On this showing Dr. Goebbels's master might at any moment feel it his duty to 'pull back' Denmark, for example, or one of the other Scandinavian states; for while Scandinavia might be socially the stablest region in the whole world, it was, perhaps by the same token, a region in which Socialist parties, representing the working class, were frequently in office. There was not, however, any guarantee that a state could make sure of being immune against the 'Triangle's' benevolent interference simply by keeping the Socialists in the wilderness, as they had been kept, for instance, in Great Britain since 1931. For a state to be in danger of being 'put on the spot' it was not necessary that there should be a positive taint of Socialism in its Government. In order to qualify for victimization, a state need only be democratic; for it was one of the established and loudly proclaimed doctrines of the 'Fascist' triumvirate¹ that Democracy, in itself, was by this time effete to the point of being moribund; and that the manifest destiny of the *ci-devant* democratic states was to serve as dead-alive 'carriers' or as putrefying breeding-grounds for the bacillus of Communism. In such circumstances it might—as was perhaps implied in Dr. Goebbels's pointed reference to 'an island'—prove one day to be the duty of the world's triumviral Sanitary Commission to take drastic precautionary measures in countries in the insanitarily democratic condition of Great Britain under the régime of 'the National Government'. Mr. Eden's ill favour in the sight of the Dictators has been indicated already; but Mr. Chamberlain would be living (in his own phrase) 'in an unreal world'² if he fancied that he might be able to purchase a reprieve for his British ship of state by throwing Jonah overboard; for Mr. Chamberlain himself eventually

¹ See, for instance, the passage from Herr Hitler's speech at Nuremberg on the 14th September, 1936, which is quoted in footnote 2 on p. 28 of the *Survey for 1936*.

² Mr. Chamberlain made the remark that 'the Opposition are living in an unreal world' in the course of the debate in the House of Commons at Westminster on the 21st December, 1937.

showed the cloven hoof in his manifestly sincere and spontaneous profession of faith in, and allegiance to, Democracy in the House of Commons at Westminster on the 7th March, 1938:

I do not believe that a democracy need necessarily be less efficient than other systems of government. It may indeed sometimes lag behind in time in making its decisions, but at any rate Democracy can do what no Dictator can permit to himself; Democracy can afford to make mistakes. For the preservation of Democracy, which means the preservation of our liberty, I would fight myself, and I believe that the people of this country would fight.

The truth was that the sole certainly effective insurance against being 'put on the spot' by the 'Triangle' Powers at this time lay in the possession of armed power in sufficient strength to deter the 'Triangle' from attempting to try conclusions; and the apprehension of this truth by the British Government and public was attested by the scale of the rearmament programme on which Great Britain was engaged in 1937.¹

In taking out this costly insurance policy the British Government's earnest hope was that it might never be their misfortune to have to draw upon their accumulating fund of armaments for the waging of a war. The prospect of being again involved in war was abhorrent to them²—as indeed it was to the British people as a whole—and on this account they deprecated the suggestion that Europe, or the world, might split into two warring 'ideological' camps, while they proclaimed their own determination for their part to hold aloof from any alignment that would be likely to promote this pernicious division of international forces. The particular bearing of this policy of the British Government of the day upon the war in Spain is dealt with in this *Survey* in another context.³ In general terms the policy was enunciated, not for the first time, by Mr. Eden in a speech of the 12th January, 1937, to the Foreign Press Association in London:

One of the most disturbing tendencies in the international situation which became pronounced in 1936 was the tendency to divide Europe into two opposing camps, divided according to two extreme political doctrines. I hope and think that this tendency shows signs of diminishing. There is, for instance, the exchange of assurances between this country and Italy, which is directed against no country, and which has been welcomed by other Mediterranean Powers. His Majesty's Government have again and again stated on public platforms in this country that we repudiate any division of Europe into the supporters of rival ideologies. Not only would the widespread acceptance of such a

¹ See also pp. 50–1, below.

² See also p. 50, below.

³ Vol. ii, pp. 137–8.

fatalistic doctrine be highly dangerous to peace, but in our judgment it does not correspond to realities. Human nature is far too rich and too diversified to be hemmed in within such limitations.

This thesis of Mr. Eden's was promptly and emphatically rejected by the 'Triangle's' German spokesmen. According to Herr Hitler, in his speech of the 30th January, 1937, in Berlin,

The division into two parts, not only of Europe but of the rest of the world, is an accomplished fact. . . . Division has been brought about by the proclamation of the Bolshevik doctrine, the chief feature of which is to enforce itself on all peoples.

And Dr. Goebbels dutifully echoed his master's voice at Hamburg on the 4th February:

Mr. Eden says that he does not desire to see Europe split into two camps, but against that stands the fact that there is a nation of 180,000,000 people at the frontiers of Europe whose leaders are resolved to draw the other nations into the whirlpool of anarchy.

The architects of the 'Triangle' could not afford to let the British Government's thesis pass uncontradicted because that would have been to let their own thesis go by default. If the British policy of even-handed aloofness from both Communism and Fascism were once admitted to be practical politics, it would have been admitted by implication that the Fascist Powers' 'holy war' against Communism was not, after all, the only hope of saving Civilization, but was at best a superfluous luxury, at second best a gratuitous disturbance of the peace of the world, and at worst a feint by which the three Powers on the war-path hoped to give the democratic Powers the impression that they were fighting these bourgeois countries' battles when in truth they were planning to get them at their mercy and stab them in the back.

The 'Triangle' Powers were thus concerned to make the democratic Powers believe that their professed 'holy war' against Communism was both vitally necessary and sincerely meant; and this was perhaps the main purpose of the bilateral 'Anti-Comintern Pact' which had been concluded between Germany and Japan on the 26th November, 1936.¹ In form, this pact was directed solely against an international private society—the Third (Communist) International—and not against any Government or state. In substance, however, the Third International hardly presented a tangible target for German and Japanese heavy artillery at a time when 'the Permanent World Revolution' had already been quashed by the Dictator in the Krem-

¹ See the *Survey for 1936*, pp. 384-8, 925-9.

lin in the course of Stalin's victorious war upon Trotsky and all his works.¹ Accordingly it was assumed in the world at large that this so-called 'Anti-Comintern Pact' was not exactly what it professed to be, and that the published agreement for common defence against an 'ideological' bogey cloaked some tacit common aggressive design against some particular state or states. The intended victim might be the Soviet Union, against which both Germany and Japan were credited with harbouring aggressive designs that, for evident geographico-strategical reasons, would stand a greater chance of succeeding if they were pursued in concert. From the same geographico-strategical standpoint, however, it was also clear that a concerted action between Japan and Germany could be directed with equally good effect against the British Empire; and since, as has been explained above, the formula adopted by the 'totalitarian' Powers with regard to Democracy made it easy for them to put democratic as well as Communist states 'on the spot' if they chose, it was impossible for outsiders to tell which of the states of the world was the most seriously threatened by the German-Japanese Pact of the 25th November, 1936.

In the preceding volume it has been recorded² that, at the time of the announcement of this German-Japanese agreement, there were rumours of Italy's imminent adherence which were not borne out by the event. Towards the end of October 1937 these rumours became rife again—first in Tokyo and then in Berlin—and this time they were confirmed by the signature at Rome, on the 6th November, 1937, of a protocol providing for the adhesion of Italy to the German-Japanese Pact of the 25th November, 1936, with the status of an original signatory.

In the preamble to this protocol, the Governments of Italy, Germany and Japan proclaimed their belief that the Communist International continued 'constantly to endanger the civilised world in the East and the West, disturbing and destroying peace and order', and that 'only a close collaboration between all the states interested in the maintenance of peace and order' could 'limit and remove this danger'. The decision of Italy 'to range itself against the common enemy together with Germany and Japan' was given effect in Article 1, which recorded the Italian Government's accession to the agreement of the 25th November, 1936. Italy was to be 'considered as an original signatory of the agreement . . . the signature of the present protocol being equivalent to the signature of the original text of the agreement' (Art. 2), and the protocol constituting 'an integral part of

¹ *Op. cit.*, pp. 373–8.

² *Op. cit.*, p. 386.

the agreement' (Art. 3). The protocol came into force on the day of signature (Art. 4).

On the German Government's behalf the new instrument, like its predecessor, was signed by the German Ambassador to the Court of St. James's, Herr von Ribbentrop, who travelled to Rome for this purpose for the second time within a fortnight.

After the ceremony of signature, both Herr von Ribbentrop and Count Ciano declared, in short speeches, that the pact had no secret aims, that it was not directed against any other state, and that other states were at liberty to accede to it. Count Ciano further described the pact as 'an instrument placed at the service of peace and civilisation', while Herr von Ribbentrop described it as 'a guarantee for world peace'. There was, however, a more militant note in an article by Signor Gayda in the *Voce d'Italia* of the 7th, which declared:

It is certain that, besides the Communist problem, Italy, Germany, and Japan will find in their solidarity other vast objects for collaboration.

At Munich on the 9th November the pact was referred to in the following terms by Herr Hitler:

Three states have come together. First a European axis and now a great world-political triangle. I am convinced that the attempts of our old opponent to carry unrest throughout the world will experience more and more difficulties the more this triangle is consolidated. It does not consist of three feeble phantoms, but of three states that are ready and determined to realise their rights and their vital interests.

These official and semi-official commentaries left the purpose of 'the Anti-Comintern Pact' no less suspect on the morrow of Italy's adhesion to it than it had been on the morrow of the original German-Japanese signature nearly twelve months back.

The contention that this was 'an instrument placed at the service of peace and civilisation' would hardly have been accepted by the Chinese, whose country was at this time being wantonly invaded, to the accompaniment of every kind of atrocity, by one of the three 'Triangle' Powers with the moral complicity of the other two. The announcement that the protocol was open to the accession of other states was reported to have been followed by overtures from one or other of the three Powers to certain minor states which were at this time under the influence of one or more of them for reasons of public policy or 'ideological' affinity. Poland, Hungary, Austria and Portugal were all mentioned as states whose accession the 'Triangle' Powers hoped to secure; but, if such hopes were entertained, they were not immediately realized; and these lesser states' unwillingness

to commit themselves bore out the suspicion that the pact might, in spite of official denials, have tacit aims of which some particular state or states might be the target.

The Soviet Union proclaimed its belief that it was the intended victim by protesting on this occasion again, as it had protested the year before.¹ On the 8th November the Soviet Ambassador in Rome called on Count Ciano and conveyed to him the Soviet Government's view that the signature of the protocol of the 6th by Italy was not only an unfriendly gesture towards the Soviet Union but was also a definite breach of the Italo-Soviet Pact of Friendship of the 2nd September, 1933. These Soviet suspicions were supported by two pieces of presumptive evidence. In the first place, Italo-Soviet relations, which had been friendly on the whole ever since Signor Mussolini had taken the lead among the Powers of Europe in entering into diplomatic and commercial relations with the Soviet Union in 1924,² had rapidly and seriously deteriorated during the sixteen months ending in November 1937 owing to the competition between the two Powers in the game of surreptitious intervention in the war in Spain.³ This competition had culminated in an open quarrel over the campaign of 'piracy' in the Mediterranean;⁴ and the losses inflicted in Mediterranean waters by presumably Italian submarines and aeroplanes upon Russian shipping *en voyage* between Odessa and Barcelona suggested a second ground for the suspicion that the Soviet Union might be the state against whom Italy's accession to 'the Anti-Comintern Pact' was directed. From the politico-strategical standpoint it was clear that, if one of the ulterior objects of the pact was to secure command over the Soviet Union's communications with the rest of the world, with an eye to isolating her from possible allies, then Italy's adhesion to the pact would enable the 'Anti-Comintern' group to seal up all but one of the Union's maritime outlets by denying her the use of the Pacific, the Baltic and the Mediterranean simultaneously.⁵ This politico-strategical consideration, however, illustrated the difficulty of divining what the objective of 'the Triangle' really was; for though the Soviet Union might not unreasonably regard herself as threatened strategically by the possibility of naval co-operation between Germany, Italy and Japan, the potential threat of this particular combination of naval forces could never be so serious

¹ See the *Survey for 1936*, p. 388.

² See the *Survey for 1924*, pp. 228-30.

³ See vol. ii, *passim*.

⁴ See *op. cit.*, pp. 340 *seqq.*

⁵ The sole remaining free maritime outlet for the Soviet Union would then be via Murmansk: a port which was remote from the economic heart of the Union and was connected with the outer world only by a roundabout route.

for a vast and compact continental Power with only a short length of seaboard as it was for the British Empire, whose maritime lifeline was commanded by Germany, Italy and Japan, between them, throughout its whole length from the estuary of the Thames to the estuary of the Yangtse.

The 'Anti-Comintern Pact' was perhaps, in the minds of its authors, a flexible instrument which could be directed at will against the Soviet Union or against the British Empire or against any other greater or lesser Power whom one or more of the partners might wish to be able to attack without incurring the risk of sanctions. From the German standpoint the signature of the protocol was a matter for rejoicing because it promised notably to increase Germany's freedom of international action. And what for Germany was promise was performance for Japan, who was at this time actually engaged in attacking China. From the Japanese standpoint Italy's adhesion to 'the Anti-Comintern Pact' on the 6th November, 1937, was a welcome counter-demonstration to the International Far Eastern Conference which was being held at Brussels, with Italian participation, on the 3rd-24th of the same month.¹ 'The Anti-Comintern Pact' might in fact be regarded as being in essence a 'Counter-Covenant' which was intended, like the instrument against which it was aimed, to provide 'security' for its members. The Covenant was designed to ensure the victims of aggression against the loss of their integrity and independence; 'the Anti-Comintern Pact' was designed to ensure aggressors against defeat by the 'sanctions' which the Covenant was intended to impose.² At the close of the year 1937 it remained to be seen whether this 'Fascist' attempt 'to make the world safe *for* aggression' would have any better success than the Genevan attempt 'to make the world safe against aggression' had had in the course of the preceding seventeen years.

The weakest point of the pact was the negativeness of the common aim that was to be promoted by it. The three parties to it were heartily in accord in looking upon the post-war system of international law and order as an intolerable obstacle to the achievement of their respective national ambitions, and in welcoming joint action for clearing this obstacle out of their respective paths; but from that

¹ See the present volume, Part III, section (iv) (c).

² This is not to say that the 'Triangle' Powers were looking forward to fighting, as allies, in another world-war. In the minds of its makers, the 'Triangle' was probably designed to serve as a blackmailing combination, and it was hoped and expected that the three parties to the consortium would be able to gain all their objectives by co-operative blackmail, without ever being compelled to resort to arms.

point onwards their ways parted. Their community of aim was limited to the destruction of the existing international order. They had no alternative plan for organizing the world to put in the place of the democratic peoples' League of Nations which the 'Triangle' Powers were now bent upon overthrowing; and an eventual translation of the pact from negative into positive terms was ruled out *a priori*, since the ultimate object of each Power's worship was itself, and a trinity in which the persons were three tribal idols could never be transfigured into a single triune godhead. This was a very serious weakness in 'the Triangle' in an age in which the establishment of some kind of world-unity was one of the crying needs of Mankind. If 'the Triangle' were incapable of ministering to this need it seemed unlikely that its cohesion would be lasting; yet the only way in which this trinity of idols might conceivably generate world-unity would be through the eventual assertion of the ascendancy of the strongest idol of the three over its two less lusty partners. It was perhaps not inconceivable that, in the last chapter of the story, Germany might one day raise herself to sole world-dominion on Italy's and Japan's shoulders; but it was certain that Japan and Italy would not thus lend themselves to the accomplishment of Germany's soaring ambitions except under a *force majeure* which it might be beyond even Germany's strength to exert.

Even in the first chapter, clashes of national interest between the three partners were quick to declare themselves. Already, in November 1937, Japan's attack upon China was inflicting grave injury upon a valuable German-Chinese trade which Germany could ill afford to lose;¹ while, conversely, Japan's prospects of victory were being impaired by the technical assistance which the Chinese Army was still receiving from its German military advisers,² and by the supplies of arms which it was obtaining from German and Italian factories.³ If Japan did not scruple to ruin Germany's China trade, and if Germany and Italy did not scruple to earn a neutral's handsome profits by supplying Japan's Chinese adversary with arms, it looked as though the limits of co-operation under 'the Anti-Comintern Pact' might prove to be narrow, and that, in jointly arranging to secure a free hand for themselves severally, the three partners of the moment might be opening the way for serious collisions with one another. This possibility, which was already discernible by the close of the year 1937 in the theatre of war in the Far East, was translated into a sensational fact next year when, under the shield of security for aggressors

¹ See also p. 294, below.

² See p. 294, below.

³ See p. 230, below.

which had been forged in 'the Anti-Comintern Pact', Germany pounced upon Austria and succeeded at one stroke, without any opposition from the discomfited forces of international law and order, in extinguishing the independence of Italy's buffer state and making Germany march with Italy on the Brenner. This acid test of 'the Berlin-Rome Axis' revealed the intrinsic weakness of a partnership which had no other common purpose beyond the re-establishment of anarchy. Two partners who had been 'as thick as thieves' so long as the weaker of them had been insulated from the stronger by an Austrian stop-gap, immediately showed signs of falling out¹ when the intervening buffer was removed by the stronger partner's unilaterally lawless action.

(g) THE CHANCES OF PEACE OR WAR

Meanwhile, it was evident that the friction between an at least temporarily frustrated and discouraged League of Nations and an at least temporarily successful and elated 'Triangle' might kindle a general conflagration; and it was also evident that another general war within the life-time of the generation that had fought in 1914-18 was not wanted by the 'Triangle' Powers any more than by the League Powers or by the United States.

The 'Triangle' Powers wanted to achieve their several ambitions without having to go to war with France, Great Britain or the United States at any stage, if it could be avoided, and at any rate not until the last stage of all. Their first aim was to 'anaesthetize' the three democratic Powers by gassing them with anti-Communist propaganda. They hoped thereby to reduce these potentially formidable policemen to a psychological state in which they would disinterest themselves in the fate of the world outside their own frontiers, except, perhaps, for certain areas—e.g. the American Continent in the case of the United States, and France, the Low Countries, Egypt and 'Irâq in the case of Great Britain—in respect of which this or that Power had proclaimed a Monroe Doctrine and might be expected to be as good as its word. If once the 'Triangle' Powers could succeed in immobilizing the democratic Powers to this extent, they would then have at their own disposal vast fields in which they could expand without risk of falling into war with any of their peers except, perhaps, the Soviet Union (though, as has been observed above, it might prove less easy for them to avoid colliding with one another). In pursuing this policy of expansion in this field, the 'Triangle' Powers were

¹ It was another question whether the proverb was to be fulfilled in this case by honest men coming into their own.

prepared, if necessary, to fight duels with states which, in their estimation, would not be a match for them. In this spirit, Japan attacked China in 1931 and again in 1937, Italy attacked Abyssinia in 1935, and Italy and Germany gave armed support to an insurrection against the legitimate Government in Spain in 1936. Their calculation was that such acts of aggression would be tolerated by the democratic Powers so long as those Powers' own territories and declared spheres of influence were left unmolested. The 'Triangle' Powers reckoned that the democratic Powers would flinch from pushing their championship of law and order to the point of fighting for it, and that they would also be influenced, in the secret places of their hearts, by a hope that, if the 'Triangle' Powers were left a free hand to prey upon the small fry, they would have sated their appetites before being tempted to bury their teeth in the blubber of the great whales. It might be suspected that the 'Triangle' Powers' own reckoning was different from the calculation which they wished to suggest to the democratic Powers' minds. The 'Triangle' Powers probably reckoned in private that a free hand in no-man's-land was the key to world power. If Japan could succeed in making herself mistress of the resources of China without intervention on the part of the United States and the British Empire, or if Germany could succeed in making herself mistress of Central and Eastern Europe without intervention on the part of Great Britain and France, the successful aggressor might hope by this means to build up his strength to a calibre so greatly superior to that of his former peers that, in the last chapter of the story, he would be able to dictate his terms to them too under conditions in which war would no longer be likely because the odds would now be overwhelmingly in the aggressor Power's favour.¹

In these long and delicate calculations there were of course many possibilities of error. By the time of writing in May 1938, the state of hostilities in the Chinese, in the Spanish, and even in the Abyssinian theatre of war showed that, even against a victim who was far short of the stature of a Great Power, the crime of aggression might not prove an altogether easy or profitable venture. This Italian and Japanese experience must have given Germany pause as, after her annexation of Austria, she gazed hungrily across four frontiers into Czechoslovakia. And Germany's problem in Central and Eastern

¹ This was Herr Hitler's own account of his political strategy. 'Deutschland wird entweder Weltmacht oder überhaupt nicht sein' (*Mein Kampf*, p. 742). 'Heute aber kämpfen wir nicht für eine Weltmachtstellung' (*op. cit.*, p. 699).

Europe brought home the difficulty of making sure that even the most pacific-minded of the democratic Great Powers would remain passive in the face of flagrant aggression against a third party. In settling accounts with Czechoslovakia Germany had to reckon with the possibility of intervention not only by the Soviet Union but also by France; and a general war in which France was a belligerent might involve successively the British Empire and the United States, as had been demonstrated in the war of 1914–18.

The democratic Powers, for their part, wanted above all not to be involved in war with the 'Triangle' Powers either collectively or singly. This state of mind was revealed in the French and British attitude towards the war in Spain;¹ and it was described by Mr. Eden, speaking on the 25th June, 1937, in the House of Commons at Westminster, in terms which might equally well have been used at the time by Monsieur Delbos with reference to France:

It is a true saying that to keep this country at peace is a great contribution to the peace of Europe; and whatever may be said about 'peace at *any* price', if the right honourable gentleman [Mr. Lloyd George] puts it 'peace at *almost any* price', I shall scarcely quarrel with him.

In the second place the democratic Powers wanted to retain intact the whole of their own great possessions. They were unwilling to look in the face the sordid truth that, in view of the ambitions and the temper of the Powers on the war-path, these two major aims of the pacific-minded Powers could only be reconciled with one another if the hungry Powers' appetites could be satisfied at the expense of third parties. In this matter, however, action—or rather, in the pacific Powers' case, inaction—was more eloquent than words. In practice the pacific Powers went far along the road towards connivance, or even positive collusion, with the predatory Powers in a tacit policy of keeping the peace between all the Great Powers by virtually licensing aggression at the expense of weaker third parties; and in their anxious cult of Peace they sacrificed on her altar both new principles and old traditions. Their statesmen not only went far towards abandoning the new dispensation of collective security; they also seemed inclined to renounce even the old diplomatic devices of alliances and buffer states.² Their readiness to make sacrifices for the sake of peace was not, however, unlimited. For example, a British Government who were showing themselves shy of providing for British security by a resort to the ancient expedient of alliances were not hesitating in 1937 to equip themselves with armaments, which

¹ See vol. ii, pp. 136 *seqq.*

² See pp. 27–8, above.

were the second string of 'the Old Diplomacy's' bow. By this time British preparations for rearmament were in full swing, and all the Great Powers were competing in a break-neck armaments race.

The British decision to rearm on a gigantic scale was the act which removed the last restraint upon an unlimited international armaments competition; but this British rearmament was a reaction to the British unpreparedness which had been brought to light by the threat of war between Great Britain and Italy over the Abyssinian affair; and thus the first cause of the armaments race was Italy's aggression against Abyssinia, and the prime mover in it was Signor Mussolini. As the race gathered speed in the course of 1937, Italy began to show signs of flagging,¹ and these symptoms became more clearly pronounced after the turn of the calendar year. That Italy should be the first of the Great Powers to fall behind in the running was only what was to be expected; for Italy—a 'just-great' Power—was intrinsically the weakest of all the seven competitors, and she was improvidently wasting her slender stock of strength on her two 'colonial' wars in Abyssinia and Spain. The surprising thing was that so shrewd a statesman as Signor Mussolini should have gone out of his way to launch a competition which Italy could not afford either to shirk or to enter. If she forbore to compete she would be confessing her weakness; if she attempted to compete she would be exposing it. Already, through the comparative unsatisfactoriness of her military performance in the General War of 1914–18, Italy had nearly forfeited the status of counting as a Great Power which had been conferred upon her at the Berlin Conference of 1878. The evident lesson for Italy was that the preservation of her status depended on her ability to escape the necessity of again having to submit her title to a practical test. On this showing, post-war Italy ought to have been one of the most industrious supporters of the League of Nations—where her status was registered in the assignment to her of a permanent seat on the Council—as a device for superseding 'the rule of the stronger' in the international arena by the establishment of a system of international law and order under which a disparity of strength would not entail an inequality of rights. By 1937 it was already looking as though Signor Mussolini's deliberate re-evocation of the old international anarchy—which was the effect of the deadly

¹ In the financial sphere, one such sign of the times was the Italian Government's decision, on the 19th October, 1937, to impose a 10 per cent. levy on the capital and reserves of joint-stock companies for the purpose of meeting the costs of the conquest of Abyssinia, the exploitation of the conquered territory, and the competitive increase in Italian armaments.

blow which he had struck at the League of Nations in 1935—might be recorded in history as the flagrant folly of a benightedly clever man; and this prognostication was to be confirmed in the following year, when the wild forces which the Romagnol Dictator had released were to carry the legions of his Upper Austrian partner and rival to the top of the Brenner.

While Italy was beginning to flag and Great Britain was preparing to get back into her stride, Germany was labouring grimly in her self-imposed strait-waistcoat, France was still hesitating to renounce the *tour de force* of carrying through belated social reforms without dropping out of the armaments race, the United States was lazily playing with a fraction of her immeasurable strength, and Japan, with resources that were not much more ample than Italy's, was embarking on her great venture in China as light-heartedly as Italy had embarked on her own lesser ventures in Abyssinia and Spain. At the close of the year 1937 it was still impossible to foresee how the race would go, but it was certain that no forecast could be made on calculations taking account of the material factor only. If that had been decisive, then the English-speaking peoples would already have been sworn in as the irresistible police-force of a law-abiding international society; for the English-speaking peoples, between them, controlled so large a proportion of the total material wealth of the post-war world that, in concert, they had it in their power to stop an aggressor dead at any moment by cutting off the supplies without which it would be materially impossible for him to carry out his nefarious intentions. In the world as it was, however, this statistical fact was a political chimaera; for material resources are nothing without the will to use them; and this will was lacking in the governing classes of the English-speaking countries at this time. Their attitude towards the supreme political challenge of the age had been betrayed in their acts—from the rejection of the Covenant by the Senate at Washington in 1920 to the abandonment of sanctions by the Government in Downing Street in 1936. At this crisis in the world's affairs, British and American statesmen apparently did not aspire to go down to history as the men who had won for Mankind an inestimable boon by establishing a reign of international law and order. In these 'Anglo-Saxon' souls the call of ambition was countermanded by a dread of 'living dangerously'. The spectacle of international anarchy moved them not to try to put an end to it but simply to try to keep out of it; and in their eager anxiety to make sure of avoiding a hero's death they took flight from Brussels in November 1937¹ as ignominiously

¹ See the present volume, Part III, section (iv) (c).

as Jos Sedley had fled from the same city in June 1815 at the intimidating sound of the guns at Waterloo.

These 'Anglo-Saxon attitudes' inspired the 'Fascist' Powers with a contempt which, at least in Germany and Japan, was unfeigned. As the Germans watched, in 1937, the beginnings of British and of American rearmament, and recognized that, if ever these 'Anglo-Saxon' arms were used at all, they would be used against either Germany herself or one of her partners in the 'Triangle', the Nazi observers consoled themselves with the reflection that even this 'Anglo-Saxon' command over the greater part of the material resources of the world could never make up for a lack of that *Aktionsfähigkeit* and *Zielbewusstheit* which were the Nazi helmet of salvation and sword of the spirit.¹ In 1937 a Nazi might be pardoned for failing to perceive that the apparent difference in moral fibre between himself and his English-speaking contemporaries, of which the Nazi was at this time acutely and exultantly aware, was in part at least merely the difference between a spirit that was already in a state of war and one that was still in a state of peace. The recent experience of 1914-18 had demonstrated that if once the pacific-minded democratically self-governing peoples found themselves at war in spite of their utmost endeavours to avoid it, they were capable of equalling the military-minded autocratically governed peoples in pugnacity, and surpassing them in staying-power. In the potentially 'pre-war' period which had opened in the autumn of 1931, the undisguisedly unheroic temper of the democratic Powers thus threatened, by producing the effect of an undesigned but enticing decoy, to tempt the Powers who were on the war-path into provoking the very catastrophe which both groups of Powers alike were in truth anxious to escape.

Notwithstanding this common anxiety, the seven Great Powers of the day were at this very time racing towards the fatal goal which they all feared to reach. The experience of the past, and not least that of the twenty years ending in August 1914, showed that the surest and quickest way of arriving at a general war was to enter into unrestricted competition in armaments; and the same experience proved—what the year 1938 was to demonstrate once again—that an armaments competition inevitably involved a competitive struggle for the acquisition of allies (since an ally was, 'in the last analysis', simply a weapon of fifteen-hundred times the calibre of a bombing plane or five times the calibre of a 45,000-ton capital ship). This menacing prospect was faced by the Prime Minister of the United Kingdom, Mr. Chamberlain, in a passage of his speech at the Lord

¹ Eph. vi. 17.

Mayor's Banquet in the Guildhall of the City of London on the 9th November, 1937:¹

What sort of future are we trying to create for ourselves and for our children? Is it to be better or worse than that which we have inherited? Are we trying to make a world in which the peoples that inhabit it shall be able to live out their lives in peace of mind and in the enjoyment of a constantly rising standard of all that makes life worth living, of health and comfort, of recreation, and of culture? Or are we preparing for ourselves a future which is to be one perpetual nightmare, filled with the constant dread of the horrors of war, forced to bury ourselves below ground and to spend all our substance upon the weapons of destruction?

The answer which this question was to receive in the near future depended on the amount of the price which the two competing groups of Great Powers might be willing, in the last resort, to pay for the preservation of peace. Amid the rising din of Vulcan's forge, rare voices preaching 'peace at *any* price' could be heard now and then and here and there. There was the more naïvely idealistic voice of Mr. Lansbury² and the more cynically sophisticated voice of Lord Ponsonby; but Mr. Eden's formula of 'peace at *almost* any price'³ perhaps more accurately expressed the feelings of the great majority of both governors and governed in the world of the day. The manifestly widespread will to peace was also manifestly inspired by calculations of expediency far more than by a moral aversion from war; and it remained to be seen whether a would-be 'enlightened self-interest' would work out a hedonistic calculus to its logical conclusions. Would the Powers on the war-path resign themselves to purchasing peace at the price of renouncing a substantial part of their ambitions? And would the Powers with great possessions resign themselves to purchasing peace at the price of defaulting on their covenanted duty to their neighbour⁴ and in the last resort renouncing a substantial part

¹ The Prime Minister recalled and recapitulated this passage in speaking on the 12th November at Edinburgh. He had anticipated it in a speech delivered at Birmingham on the 29th January.

² On the 19th April, 1937, Mr. Lansbury had an interview with Herr Hitler (see p. 32, above). He afterwards had interviews with Signor Mussolini on the 9th and 12th July, 1937.

³ See p. 50, above.

⁴ Great Britain, for example, seemed at this time to be half inclined to abdicate from the status of a Great Power, which she had occupied since 1688, by assuming the characteristic attitude of a 'small neutral' which had been satirized in the following verse of a nineteenth-century Scandinavian poet:

'We are small, and lack the might
To join battle for the right;
Cannot sacrifice the nation
For our share in world salvation.'

Ibsen: *Brand*, translated by G. M. Gathorne-Hardy.

of their own property? At the close of the year 1937 these were the two questions on the answer to which the fate of 'the Great Society' of the day appeared to immediately depend; and in this perilous pass, in which a balance between the prospects of peace and those of war was swaying precariously 'on the razor's edge', much might turn on the course of the two wars of aggression which were already being waged by the 'Triangle' Powers against victims at the eastern and western extremities of the Old World. If these anti-Comintern 'holy wars' against the legitimate Governments of Spain and China were to go 'according to plan', it was to be feared that the three Great Powers which were on the war-path might then be tempted into further military adventures which might be, perhaps not more flagrantly wicked, but nevertheless still more inauspicious for the prospects of peace. On the other hand, if the two experiments in aggression which were now in progress were to show that even a relatively weak and helpless community might be goaded into prodigies of self-defence when its very national existence was at stake, and if it were further to become apparent that the murder of a nation animated with the courage of despair was an operation which was so formidable and so lengthy in itself that it could hardly be carried through to a lethal conclusion without bringing on world-wide complications, then 'the Great Society' might look forward to securing at least a reprieve, if not a new lease of life and health; for, in the second of the two alternative possible events, the 'Triangle Powers' would be likely to incur such heavy losses of prestige, as well as of material substance, with so little gain for their governors to display to the governed, that the whole principle and policy of 'totalitarian' national self-worship might fall into a salutary discredit and unpopularity inside, as well as outside, the German, Japanese and Italian frontiers. At the time when this chapter went to press, in the August of 1938, it was still impossible to foresee which way the scales of Destiny were going to incline.

PART II

WORLD ECONOMIC AFFAIRS

By Allan G. B. Fisher

(i) Economic Appeasement as a means to Political Understanding and Peace

(a) INTRODUCTORY NOTE

THE political tensions of the depression and post-depression world had clearly at every stage been interrelated in the most intricate pattern with the rapidly changing economic problems of that period, and the history of the year 1937 was marked by continuous discussion, in many countries, of the contributions which economic policy might make to the attainment of a sense of political security. The Australian delegation to the League of Nations had been especially active in propagating the idea of 'economic appeasement', and though its meaning was not always clearly defined, the phrase became almost a commonplace in the economic and political discussions of that year. The analysis of world economic problems which was then offered did not differ substantially from that offered in 1933 to the World Economic Conference, but measures which earlier had been supported on purely economic grounds were now put forward with an added urgency on the ground that they were also necessary for political reasons. As Mr. Cordell Hull put it on the 10th February, 1937, to the United States Senate Finance Committee:

In the years that lie ahead, an adequate revival of international trade will be the most powerful single force for easing political tension and averting the danger of war.

It had been repeatedly emphasized that the real significance of the Three-Power Currency Declaration of the 25th September, 1936,¹ lay in the opportunity which, as the official *communiqués* announcing the agreement themselves insisted, it afforded for action to be taken 'without delay to relax progressively the present system of quotas and exchange controls with a view to their abolition'.² The Second Committee of the Assembly of the League of Nations in October 1936 had urgently recommended the countries which had realigned their currencies at that time

to enter into negotiations at the earliest possible moment with a view to overhauling their whole commercial policy, and in particular to

¹ See the *Survey for 1936*, pp. 175 *seqq.*

² See *op. cit.*, p. 176.

abandon all measures which permit private interests to develop under cover of excessive protection to the detriment of the real interests of the masses, who expect from science an improvement in their standard of living.¹

The immediate response to this plea had been disappointing, and for the most part the work was at the beginning of the year 1937 still only a subject for discussion and deliberation, a matter calling for action by statesmen, rather than for explanation by historians.²

What action, one must then ask, did statesmen in 1937 actually take 'to broaden the bases of domestic recovery by freeing world commerce from the shackles which depression, economic nationalism and political fears have fastened upon it'³—a formidable task which, according to one English commentator,⁴ was the most important confronting the world's chief trading countries in that year?

(b) INTERNATIONAL TRADE IN 1937

Before examining the history of efforts at economic appeasement it will, however, be useful first to survey briefly the actual volume of trade in 1937.⁵ According to the estimate of the League of Nations Economic Intelligence Service, the value of world exports, measured in terms of United States gold dollars of the old standard weight, was in 1937 23·3 per cent. greater than in the previous year.⁶ As gold prices showed an upward tendency during the year, this, it was estimated, was equivalent to an increase of about 14 per cent. in the quantum of world trade, an increase, however, which still left the aggregate some 2·5 per cent. below the record of 1929. This on the

¹ Report of the Second Committee to the Assembly (printed as Annex 3 to the Minutes of the Second Committee in *League of Nations Official Journal*, Special Supplement, No. 157).

² See the *Survey for 1936*, pp. 201–4.

³ *Economist Commercial History and Review of 1936* (supplement to *The Economist*, 13th February, 1937), p. 3.

⁴ *Op. cit.*, *loc. cit.*

⁵ The statistical difficulties which at this time faced those who attempted to measure the volume of world trade were a good deal more serious than one would sometimes gather from facile references to the published figures. It was clearly no simple matter to reduce to a common denominator aggregates the component units of which differed widely from country to country and from time to time, but even a statistical purist might safely accept as broadly accurate the estimates of the Value and Quantum of World Trade published by the Economic Intelligence Service of the League of Nations.

⁶ An examination of the figures of exports is probably more useful than an examination of the figures of imports, which included in varying degrees, and by widely divergent methods of calculation, certain allowances for the cost of transport. Export figures were certainly more useful than the widely quoted totals which included both exports and imports.

face of it might seem to a superficial observer to indicate some relaxation during the year in the stringency of barriers to international trade, or at least some diminution of their effectiveness. The ingenuity of traders in circumventing or evading the impediments imposed upon their normal activities was indeed an important factor in the situation, while even in countries which appeared to have turned deliberately away from international trade, exchanges of goods with other countries in fact continued to play an important part in the national economy.¹ Before, however, jumping to any optimistic conclusion about the diminution of barriers to trade, some dissection of the aggregates should be attempted with a view to ascertaining more exactly where the changes had occurred.

The first obvious correction arises from the abandonment of the economic sanctions imposed upon Italy during the Abyssinian campaign. In one sense this was, of course, equivalent to the removal of barriers to international trade, and Italian imports (valued in old gold dollars) accordingly increased by 70 per cent., or approximately \$159,000,000. This, however, accounts for only about 7 per cent. of the increase in aggregate world exports, for which, therefore, other explanations must be sought.

Some trade expansion might also reasonably have been expected to follow the currency devaluations of 1936 and the relative stability of exchange rates which became the general rule. Countries which had freed themselves from the depressing influence of deflation were able to reduce unemployment and increase production, and though the immediate objective was internal recovery, some of this activity tended to extend the market for imported goods, even without any direct relaxation of trade barriers. It was in fact to a large extent the increased momentum of internal recovery which induced some of those who favoured more liberal trade policies to feel in the early days of 1937 a certain cautious optimism about the prospects for reversing restrictionist trends, and perhaps encouraged officials to be more liberal in their interpretation of quota and other administrative regulations, the relaxation of which did not require legislation or even publicity. When prices generally were moving upwards, proposals for lowering trade barriers would tend to arouse less suspicion and hostility than in times of adversity when unemployment risks were high and the pleas of producing interests for protection against

¹ German imports, valued in gold dollars, for 1937 exceeded the 1936 figure by 29.3 per cent. The increase in Italian imports was much larger, but obviously special factors were at work there. The change in imports into the U.S.S.R. was much less significant.

the impact of inconvenient competition from abroad would naturally meet with a favourable public reception. Indeed, in some countries, such as France, where the upward price movement threatened unpleasant consequences for the cost of living, lower import duties and larger import quotas were definitely visualized as useful checks which might keep the upward movement within reasonable bounds, though little was actually done in this connexion. Many of the trade barriers had been erected to meet particular situations which by 1937 had disappeared, and it was therefore felt that there was some hope that such barriers might be lowered again without provoking serious opposition. In particular the abnormal circumstances which had appeared to justify exchange controls had to some extent disappeared; they were indeed largely maintained for reasons quite different from those used to justify their first application. Without raising more fundamental issues, it could be seen, for example, that the elaborate system of economic control in Germany required the services of a large and growing bureaucracy, employees both of the state and of private companies, so that the abandonment of control would immediately create a difficult unemployment problem, quite apart from the serious losses of capital sunk in the production of domestic raw materials and substitutes. Still more fundamental for the totalitarian states was the degree to which the internal regulation of industry was tied up with the regulation of trade. Exchange and quota restrictions were the most effective weapons at hand for disciplining industrialists who otherwise might have resisted control by a central authority. Similarly, though with quite a different objective in view, the Social Democrats in Denmark were reluctant to let slip from their hands the opportunity for state control of industry provided by the maintenance of exchange control. Socialists (and others) might indeed argue that, whatever the experience of recent years might have been, state regulation was not necessarily inconsistent with an expansion of foreign trade. A Government which was prepared to stand up to the pressure of vested interests might be able to impose those adjustments upon the structure of production, the resistance to which was perhaps the most powerful influence checking the freer interchange of goods between the citizens of different countries. Nevertheless, in spite of these important cross-currents, the return to something like 'normal' conditions now made it possible to think seriously of relaxing the influence of exchange control, which in practice had nearly always been restrictive. On the other hand, viewing the same situation from a slightly different angle, the fact that there were already signs of a halt in the general movement of internal recovery

made the problem of the expansion of foreign trade especially urgent. In some countries the increased influx of goods from abroad was so far from being welcomed that it readily served as a pretext for the imposition of new restrictions, and already there was a revival of schemes of 'national' protection, which bore an unpleasant resemblance to the emergency measures of the crisis period in which the current difficulties of international trade had had their origin to some extent. Rapid action was necessary if this retrograde movement was to be checked.

In any event, the expansion of trade which had actually occurred within the framework of existing limitations was clearly no indication of what might happen if these limitations were relaxed. The possibility could not be ignored that expansion was in part merely a temporary phenomenon associated with abnormal rearmament demands or was the consequence of efforts by countries committed to autarky¹ to strengthen their own internal equipment and thus to bring nearer the day when external entanglements could be reduced to the barest minimum. More than two-thirds of the increase in German imports in 1937, as compared with 1936, was attributable to efforts of this kind or included goods like wheat, wool and rubber, where absolute self-sufficiency, in the literal sense, was the avowed objective of German policy, but which had been affected by bad harvest conditions, or by the fact that the organization of the production of substitute materials was not yet complete. The volume of imported finished products, which normally was small as compared with other imports, actually declined during 1937 by about 9 per cent.

The trade recovery of 1937 afforded therefore no excuse for complacency. Judged according to the success achieved in utilizing the

¹ In the year 1938 there was as yet no unanimity among English writers with regard to the form of this word, and both autarky and autarchy were in common use. Strictly speaking, the meanings of the two words were not identical. Literally autarky meant self-sufficiency, and a country which practised complete autarky would have no foreign trade at all. The literal meaning of autarchy was self-government, and as far back as the seventeenth century this word was used in the sense of autocracy, or despotism, but its popularity in recent years was probably due to the fact that it suggested the idea of power to control one's own destiny. This was in many cases an important motive inspiring the drive towards self-sufficiency, but the two ideas were nevertheless distinct. The Germans generally preferred Autarkie, the French autarchie, and the Italians autarchia, while in previous volumes of this *Survey* the Greek word for self-sufficiency has been used in its original Greek form *autarkeia*. The form which appears above (autarky) will be uniformly adhered to in this chapter. Purists who disliked new words sometimes maintained that autarky was a superfluous and unnecessary synonym for self-sufficiency, but the adjective autarkic could certainly not be adequately replaced by self-sufficient.

resources of production to maintain the maximum average level of real income, the situation in most countries was still unsatisfactory; recovery was far from being general, especially in industries which in the past had depended upon rapidly expanding export markets, as well as in industries burdened with redundant industrial or agricultural capacity. The full realization of the improvements in standards of living which technical progress made possible could scarcely be secured without an expansion of international trade far beyond the limits already reached.

There was indeed the utmost difficulty in determining, and much more in measuring, any 'normal' standard, by reference to which the volume of trade in any given year could be regarded as satisfactory. For obvious reasons, the League of Nations indices were based upon the experience of 1929. It was no doubt useful to get a general conspectus of the movements which had occurred since that date, but in the nature of things there was no reason why 1929 should be regarded as a model year. The relative importance of international trade in the world economy was a good deal less than it had been before the Great War, and when it is remembered that even in 1927 the delegates to the World Economic Conference had unanimously, if only formally, agreed about the cramping effects of the tariffs of that time, it becomes clear that the pre-depression state of affairs could be accepted as a norm to only a very limited degree.

On the other hand, the disappointment which had so frequently attended discussions of international trade problems was without doubt due in part to the fact that, at bottom, the motives of some of those who pressed for a return to traditional export policy were just as narrow as the motives of those who pressed for the encouragement of home production. In opposing foreign competition the producer at home could point to capital equipment which would be left derelict and worthless if imports were not excluded. The exporter, in the same way, could point to industrial and agricultural capacity which must lie useless and redundant unless an outlet for its products could be discovered in some export market. The maintenance of Free Trade was always an obvious interest for British exporting and shipping industry, and the swingover in United States opinion¹ was in large measure due to a recognition of similar facts in that country. But the mere existence of redundant productive capacity was, by itself, insufficient in either case to establish the conclusion that rational economic policy demanded that such capacity must be used to the full. In some circumstances rational policy would

¹ See below, pp. 99 *seqq.*

demand rather than that some of the productive plant which had been rashly installed in the past should be scrapped or diverted to some other use, and though experience might suggest that the pressure of vested interests eager to conserve the profitability of existing capital assets was likely to be more frequently exerted on the side of restricting international trade, the possibility should not be overlooked of its sometimes being used on the other side. The desire to stereotype the existing 'lay-out' of productive capacity might lead to efforts to maintain traditional international trade channels which were in fact no longer in harmony with the changed conditions of production.

There is in fact no reason for supposing that, even in an ideal world, the relative importance of international trade in world economy would remain constant. There was no doubt a tendency at this time to take too seriously the fashion of decrying international lending, and the tendency had been encouraged by the unfortunate experiences which some lenders had had during the depression. But a revival of such lending would probably lead to activity in different directions, and, to some extent, of different kinds, from those to which the pre-War world had accustomed itself; and if experience showed that at the level of world income which was, or should be, characteristic of the twentieth century, with increasing capacity to spend a growing proportion on the more intangible services which from their very nature eluded the scrutiny of trade statisticians, the 'ideal' ratio of international trade to world production was lower than it used to be, that fact should not occasion either surprise or alarm.¹ Nor does a recognition of this in any way weaken the force of the objections laid against the impoverishing effects of current trade restrictions; indeed a failure to recognize it might positively weaken the attack on trade restrictions, and in part explain the disappointing results which such attacks had often had. Those who wanted trade to be freer easily forgot that the interests which different countries had in adopting such a policy were by no means uniform, and the chances of ready acceptance were diminished if those countries for which such interest was less obvious and lively had reason to suspect that the pressure for freer trade exerted elsewhere was, to some extent, merely another form of the pressure of vested interests.

(c) THE POLITICAL SIGNIFICANCE OF FREER TRADE

However this may be there was certainly in 1937 no indecent haste to dismantle the complicated machinery of trade restrictions

¹ A decline in the *relative* importance of foreign trade is of course quite consistent with an increase in its *absolute* magnitude.

which had been built up during the depression, and the story of negotiation and discussion was rather like a slow-motion picture the final stages of which had not yet been released for public exhibition. The motives which lay behind this universal reluctance to act were of course complicated and varied, but vague and half-conscious doubts about the precise nature of the contributions which expanding trade might be expected to make to the solution of political problems were probably not the least important.

Many people shared 'the firm conviction' expressed by Mr. Mackenzie King, the Canadian Prime Minister, at the opening session of the Imperial Conference on the 14th May, 1937, 'that enduring peace could not be achieved without economic appeasement, that political tensions would not lessen without abatement of the policies of economic nationalism and economic imperialism'; but the interpretation to be placed upon this creed was unfortunately not so clear. At least two types of action might be visualized by those who believed in the efficacy of economic appeasement. On the one hand it was sometimes implied that any action directly or immediately affecting the totalitarian countries which outsiders were accustomed to describe as autarkic was, at least for the time being, out of the question. Freer trade between the United Kingdom and the United States, or the United Kingdom and the Oslo Powers, for example, was no doubt desirable for ordinary economic reasons, but its political significance lay partly in the example which it might set to the rest of the world, and partly in the added unity and strength which an economic *rapprochement* would give to the more democratic countries in face of any potential aggressor. It might be hoped that, when the autarkists saw the economic benefits which freer trade conferred upon the citizens of other countries, they would in time realize how foolish they had been and reverse their policy, and this was all the more likely if, through the operation of the most-favoured-nation principle or otherwise, they were able incidentally to pick up some crumbs of economic benefit for themselves from the acts of their more enlightened neighbours.

But, on the other hand, in contrast with such limited endeavours, economic appeasement might mean a strenuous effort to bring in the Dictators right from the beginning, instead of trusting merely to the force of example, which often in the field of international relations worked far too slowly. An all-inclusive policy of this second kind would tend to include credit and debt provisions and the consideration of problems of raw materials, but, in addition to the greater comprehensiveness of its scope, the essential character of economic

appeasement which aimed at conciliating and mollifying the Dictators, would probably be quite different from that of economic appeasement which aimed primarily at consolidating and unifying the non-authoritarian states.

Some confusion might easily result if the two aims were not clearly distinguished. Generalizations are abnormally risky in any field of discourse such as this where motives are scarcely even half-conscious and are, in any case, easily concealed, but during the course of the year 1937 it is possible to trace at least the beginnings of a transition from emphasis placed mainly on economic appeasement as a means of general relaxation of political tensions to emphasis placed rather on economic policy as a means of associating more closely together states which might be supposed to have similar political and social outlooks. More liberal trade policies, it began to be felt, could not by themselves absolutely ensure peace, but the maintenance of illiberal policies would greatly increase the risks of war. Liberal policies would at the same time have economic consequences which, judged by any rational standard, could be heartily approved, but the eagerness with which they were supported was dependent at least as much on their narrow and immediate political significance as on their economic rationality.

Frontal attacks upon tariff barriers and other trade restrictions had usually been unsuccessful, and it was argued with some force¹ that it was only with the support of a great volume of public opinion that the courage of Governments could be raised to the pitch necessary to resist the bitter opposition of the vested interests which thrive behind trade barriers.

In order to obtain that support [it was said]² something with a greater appeal will be necessary than the stimulation of international trade, which seems remote and has little meaning to the ordinary man in the street. Only something which appeals to the aspirations of the general mass of the people in all countries will arouse the enthusiasm and support which are necessary if success is to be achieved. An objective which would arouse this enthusiasm would be the raising of the standard of living of the people as a whole.

It was incidentally a damning commentary upon the prevailing state of mind in which economic policy was commonly discussed that

¹ e.g. by Mr. S. M. Bruce, the High Commissioner for Australia, in a speech at Birmingham on the 24th February, 1937 (see *The Times*, 25th February, 1937). Cf. Mr. F. L. McDougall in a memorandum on Economic Appeasement (printed as an annex to League of Nations Economic Committee: *Remarks on the Present Phase of International Economic Relations* (September 1937) [League of Nations document C.358. M.242. 1937 II B], p. 26).

² By Mr. Bruce in the speech referred to in the preceding footnote.

it should be thought necessary to set forth in black and white the fact that when any particular policy was put forward for acceptance, its main justification was to be found in the fact that it was likely to raise standards of living. Unfortunately it was not possible always to assume that this principle could be taken for granted as an obvious platitude, and on that account the argument above was not lightly to be rejected.¹ Curiously enough, some Governments were not eager to use it, for when the general concept of raising living standards was translated into specific terms of more nourishing food and better housing, Governments among whose main electoral appeals had been the claim that voters were already well-fed and properly housed were reluctant to approve of policies which appeared to imply some criticism of their achievements in the past.

Apart from such 'political' considerations, however, a presentation of the case for relaxing trade barriers in terms of the desire for higher standards of living at once raised the awkward question: Would the expansion of international trade have any attraction for people who did not care much for higher standards of living, or who, at least, rated these so low, as compared with other political objectives, that they were prepared for a long time to set aside completely any serious thoughts of raising the average level of real income? Questions of this kind required an answer before it would be possible accurately to assess the chances of success for a policy of economic appeasement, and a history of the efforts to work out such a policy during 1937 must therefore include some account of the economic objectives of the totalitarian countries, and of the extent to which internal events in those countries indicated changes or modifications in these objectives.

German policy at this time appeared to aim at stability of incomes for wage-earners and for the agricultural population, and as the volume of production was at the same time expanding—Herr Hitler told the Reichstag on the 20th February, 1938, that national income had increased from Rm.45,000,000,000 in 1932 to Rm.68,000,000,000 in 1937—the surplus was available to be diverted to satisfy the needs

¹ The diminution of unemployment, the assurance of personal security, national defence and other less tangible 'goods' were also on occasion the legitimate preoccupation of Governments, and the order of importance attached to these things as compared with improved standards of living no doubt depended in large measure on the broad social and economic philosophy of the commentator. It was, however, a valid ground for complaint against those who rated improved standards of living rather low in the scale that they were seldom careful either to make clear the magnitude of the sacrifices in real income which they were prepared to accept, or to identify with any precision the sections of the community upon whom the sacrifices contemplated were to fall most heavily.

of the state, interpreted according to the judgment of its leaders. In September 1936 Herr Hitler had proclaimed as his economic objective that 'within four years, Germany shall be independent of all foreign countries in respect of all those materials which she can produce at home by means of German ingenuity and our mining, engineering and chemical industries',¹ and the second Four-Year Plan, which had the attainment of this objective as its purpose, officially came into operation in February 1937.² Similarly on the 15th May, 1937, Signor Mussolini, addressing the National Council of Corporations, insisted upon the necessity of an autarkic policy for Italy.

In a world like the present, armed to the teeth, to lay down the weapon of autarky would mean to-morrow, in the event of war, putting ourselves at the mercy of those who possess as much as is necessary to wage war without limits of either time or materials. Autarky, therefore, is a guarantee of that peace which we firmly desire, and an impediment to any aggressive purpose on the part of the richer countries.

Such objectives did not perhaps make international trade impossible, and Signor Mussolini had already, on the 28th November, 1936, in addressing the Foreign Trade Institute, stated that the extreme limit of the restrictions on imports had been reached, and that it was necessary to increase Italian trade with other countries. It was nevertheless difficult to believe that states whose rulers placed economic independence in the forefront of their programmes would at the same time welcome with any heartiness proposals which aimed directly at increasing international interdependence. The prize offered by those who urged economic appeasement was an improved standard of living. But what was to be done if some of those whose co-operation they sought answered, in effect: 'For the time being at least, these prizes have no interest for us'?

The practical difficulties of collaboration between autarkic 'planned' economies and economies which still preserved important liberal elements were by no means negligible, but in this case the consequences of diversity between the means used by national economies were much less important than the consequences of diversity of ends. The mere fact that the German régime desired an intensive development of internal resources even at a considerable economic loss might create a situation which it was interesting for the scientist to study. But it need not necessarily create any grave political and, much less, any grave economic problem for the world as a whole. The direct economic losses, if any, would be largely concentrated upon Germany herself; a few other countries would have to face the

¹ Quoted in the *Survey for 1936*, p. 240.

² *Op. cit.*, *loc. cit.*

necessity of a radical readjustment of their economic structure; and the rest of the world would suffer a little in consequence of the absence of German co-operation. The example of the U.S.S.R., however, had shown that efforts to obtain self-sufficiency did not inevitably create difficulties for other countries except during a comparatively short transitional period, when resources were being accumulated for more intensive internal development, and the alarms about Soviet competition which had been so loudly expressed in discussions of trade policy during that period were by 1937 almost completely forgotten.

If any country makes radical changes in its economic machinery, the character of the adjustments which then become necessary elsewhere is similar in many important respects to the character of the adjustments demanded by extensive changes in the technical conditions of production. The transitional difficulties are grave but not insoluble. Nor are differences in the ends of economic policy necessarily destructive of economic equilibrium, though the problems which changes of ends are likely to create may be more difficult than the problems which arise from changes in economic machinery. If the people of any large country suddenly decided, for religious or aesthetic reasons, that certain customary forms of expenditure were improper or undesirable, the immediate consequences for the rest of the world might be unpleasant, but adaptation to the change in circumstances would not be impossible, so long as the attainment of the ends which national economies set before themselves did not involve inconsistency or contradiction. The crucial problem, however, arises whenever there is reason to believe that the divergent ends upon which depends the adoption of divergent means are in fact irreconcilable, so that their simultaneous achievement involves contradiction and is therefore impossible. The attempt to realize such fundamentally contradictory ends then threatens to produce a violent collision. This is, at bottom, a political question, and some of the fumbling during 1937 over economic policy is perhaps to be traced to doubts whether economic policy was really as relevant as was supposed to the solution of these fundamental political conflicts.

(d) THE VAN ZEELAND MISSION

The attempt to diminish trade restrictions which attracted most attention during 1937 certainly did not exclude from the scope of its efforts the countries which elsewhere were often described as autarkic. It was announced on the 6th April that Monsieur van Zeeland, at that time the Belgian Prime Minister, had accepted a joint invitation from the British and French Governments 'to undertake

an inquiry into the possibility of obtaining a general reduction of quotas and of other obstacles to international trade in order to give effect to the tripartite declaration of the 26th September, 1936'. Monsieur van Zeeland, after a distinguished academic career—he had been head of the Department of Economic Science in the University of Louvain—combined with experience as a banker, had won a considerable reputation for himself as the person responsible for the reorganization of the Belgian currency and the internal economic recovery which had followed. Belgium, as a country interested in industrial exports and in transit trade, obviously had a special concern in relaxing trade barriers, and there were indeed hints that the invitation to Monsieur van Zeeland had not been given without some prior promptings from the Belgian Government themselves. Belgium had already taken the initiative in connexion with the Ouchy Convention of the 18th July, 1932, which provided for annual and reciprocal reductions of 10 per cent. in customs duties for five years between Belgium and Luxembourg on the one hand and the Netherlands on the other—an effort to encourage international trade which earned the approval of the League Economic Committee, but had been rendered abortive by the insistence of the British Government, followed by other Governments, upon the maintenance of the most-favoured-nation privileges already assured to them by treaty.¹ Early in 1937 trade conversations were going on between the Oslo Powers, i.e. Belgium, Denmark, the Netherlands, Norway, Sweden, and Finland; and the fact that it was in Brussels that a conference of experts from these countries had already been called for the 12th April was a further indication of the suitability of the Belgian Prime Minister to take the initiative in smoothing out the practical difficulties which everywhere were apparent. Already, in the early days of the depression, he had published a general survey of the measures of economic nationalism which had been taken in order to grapple with the crisis, and much that he had then written retained an unpleasantly familiar ring five years later. Belgium had been one of the countries which had been slow to admit the value of currency manipulation; even at this early stage Monsieur van Zeeland had insisted that 'whatever may be the solution given to the monetary problem, the re-establishment of the international circulation of goods and of capital remains an essential part of the whole situation',² and the experience of the

¹ Cf. the *Survey for 1932*, pp. 34 *seqq.*; the *Survey for 1933*, pp. 51–2.

² Paul van Zeeland: *A View of Europe, 1932: An Interpretative Essay on some Workings of Economic Nationalism* (Baltimore, 1933, Johns Hopkins Press: London, Humphrey Milford), p. 145.

intervening years had no doubt strengthened this belief. At the same time the declaration of Belgium's new policy of detachment, which the Government had made in October 1936 and which had been formally accepted in April 1937,¹ was likely to make the recommendations of a Belgian statesman more attractive to those Governments who were hostile to anything tainted by contact with Geneva.

A cynic indeed might have supposed that, if the Governments of the world had been really eager to lower trade barriers, there was nothing to prevent them from at once realizing such a laudable ambition, and that, where there was so little evidence of such eagerness, further inquiry, however distinguished the inquirer might be, was likely to be a waste of time. In the event, the van Zeeland Mission turned out to be, in effect, little more than a device for further delay. Everywhere Governments were anxious to protect themselves against a risk of the recurrence of a fiasco similar to the World Conference of 1933, and, already disposed as they were to represent themselves as in the grip of vague, impersonal and uncontrollable forces, which further examination showed to be little more than their own fears and lack of foresight, the opportunity for marking time while Monsieur van Zeeland prepared his report was not distasteful to them. There was, however, much to be said for a tactful and independent examination of the political difficulties of Governments in an atmosphere less formal than that of an official conference. As Monsieur van Zeeland himself put it in his report:

The important matter is not to provide a theoretical definition of the difficulties, nor even to indicate the means by the application of which they could be solved. The main point is to suggest methods which have some chance of being effectively adopted and of leading to concrete results.

Never guessing that the presentation of a report would be delayed until the 26th January, 1938, even those who were impatient for prompt action were therefore prepared to welcome the new initiative.

The political difficulties were indeed fairly obvious, in all the varied senses in which the slippery word 'political' could be used in this context. Joint action on a large scale was inevitably dependent on the willingness of the Governments of the larger trading states to take action, and their attitude had not been very encouraging in regard either to what they themselves were prepared to do, or to what they were prepared to allow other states to do. If Sir John Simon, speaking early in 1938, was to be believed, the British Government

¹ See the *Survey for 1936*, pp. 351 *seqq.*; the present volume, pp. 346 *seqq.*, below.

had worked out 'a tariff system which was flexible, moderate, and wholly free from the taint of log-rolling or privileged interest'. Men who believed themselves responsible for such a remarkable and indeed unique achievement might well hesitate before they did anything to mar the symmetry of their handiwork.

As Mr. Neville Chamberlain, at that time Chancellor of the Exchequer, had said on the 6th October, 1936,¹ 'I need hardly say that we have not in contemplation any change . . . in the system of very moderate protection which we have adopted'. The British official view was that it was for others to take the first step. Mr. Baldwin, on the 22nd March, 1937,² declared that the main obstacles to the expansion of international trade were the existing systems of quota restrictions on industrial goods and of exchange controls, and as the part played by Great Britain in these systems extended only so far as an iron and steel quota which formed part of an international industrial agreement, 'all that the British Government could do was to take every opportunity to urge action upon the [other] Governments concerned'. Great Britain had not indeed hesitated to use the quota weapon as part of her agricultural policy in circumstances which appeared to the Government to warrant it, and her abstinence from the use of the methods which Mr. Baldwin condemned was due less to any native virtue than to the fact that the Government had found it possible to impose all the desired restrictions upon the inflow of imports without resort to such devices.³

When other Governments, invited thus to take the first step, began to consider the practical details of trade agreements, their views of what was appropriate at once encountered further obstacles. To some it appeared that the most hopeful line of advance was in the direction of the formation of a low-tariff group with modifications of traditional most-favoured-nation practice. But the British Government had expressed their preference for bilateral trade agreements and condemned such proposals as likely to 'involve discrimination against non-participating countries that might involve retaliation and tariff wars'. A strong case could be made out for this

¹ In a speech at the Mansion House, on the occasion of the Lord Mayor's annual dinner to the Chancellor of the Exchequer and bankers.

² In reply to a deputation representing the signatories of a memorial on the subject of 'Peace and Economic Co-operation'.

³ At the World Economic Conference in 1933 the British Government had suggested the abolition of 'import quotas arbitrarily fixed for protectionist purposes' and the maintenance of 'production or marketing quotas established by international agreement with a view to the raising of prices'; but they themselves had not observed this distinction in practice. (See the *Survey for 1933*, p. 69.)

view, but the logical problem of reconciling the rigid insistence of the British Government upon their most-favoured-nation rights with the Empire Preference principles of the Ottawa Agreement appeared to nearly everybody outside British official circles to be quite insoluble.

Declarations of public policy in the United States had already been strongly in favour of freer trade, and these declarations had moreover led to positive action. Nevertheless, especially when the political significance of trade policy was being stressed, it was necessary to study the American situation with some care. Some Americans were a little concerned lest an attempt should be made to manœuvre their Government into a position where they would be compelled to summon an international conference for whose success or failure they would then have to take a special responsibility. On the other hand, if quotas and exchange control alone were to be under discussion, the United States would not be much interested. In France there had been some tariff reductions in September 1936, and 106 import quotas (out of about 750) had been suppressed at the same time. Many of these changes were, however, merely formal, and at the most they did little more than offset the increase in the price of foreign goods due to the depreciation of the franc.¹ Since that time, though French statesmen had joined in the chorus of approval of freer trade, French farmers and manufacturers had been opposed to any further tariff reductions; with the fear of rising costs of production the desirability of simultaneous action in other countries was even more obvious in France than elsewhere. It is indeed always worth while to emphasize the fact that, while ultimately decisions in regard to these matters had to be taken by Governments, it would have been a mistake to concentrate the fire of criticism exclusively upon Governments. As Monsieur van Zeeland put it in a Press interview shortly after the publication of his report, 'I have taken my responsibility. Now it remains for others to take theirs, and when I say "others" I mean less Governments than responsible leaders of public opinion'.² It is unfortunately inevitable that a study of the written word does not give any clear idea of the strength of the resistance which any serious effort to lower trade barriers would arouse. There was scarcely a single statesman of eminence who had not, at some time or other, committed himself to an eloquent exposition of the benefits to be expected from freer trade, and the example of statesmen had been widely followed by business men. But many important commercial interests were quite indifferent, if not

¹ See the *Survey for 1936*, pp. 199-200.

² *The New York Times*, 28th January, 1938.

positively hostile, and the people who did not want freer trade seldom felt it necessary to say much about it. The attitude of these indifferent or hostile interests was at least as much responsible for the failure to relax restrictions on international trade as was the stupidity or shortsightedness of political leaders.

In the totalitarian countries the position was not quite the same, but the task of devising policies which would be attractive to them raised issues no less delicate than those presented by the problem, which more democratic régimes had to face, of harmonizing rational international trade policies with earlier commitments in favour of trade restrictions or with the electoral fears of party leaders. In the rest of the world it was still true, as Monsieur van Zeeland had said in 1932, that

Protectionism is almost always ashamed of itself: it is forever seeking to disguise itself, it invokes the best reasons in the world, and it finds a thousand pretexts to justify its attitudes one after the other.¹

But in some countries this was perhaps no longer true. Protectionism there was proud and not ashamed of itself: almost on the same day as Monsieur van Zeeland announced his acceptance of the mission entrusted to him, General Göring, for example, had emphasized before the German Municipal Congress the National-Socialist determination to carry out the Four-Year Plan for the greatest possible self-sufficiency in food and raw materials, whatever the cost might be. Qualities of statesmanship of the rarest kind would clearly be necessary if a policy was to be devised which could reconcile the divergent outlooks of all the Governments concerned.

In telling the story of Monsieur van Zeeland's mission one tends, perhaps too readily, to speak as if it were on the one hand a reflection of the reactions of one set of Governments eager 'in principle' to expand the volume of international trade, but restrained from doing anything effective by various local complications, and especially by the pressure of vested interests which had grown up under the shelter of a protected home market, and on the other hand an effort to conciliate another set of Governments whose economic objectives were entirely different and largely determined by political considerations. But, convenient though such a picture might be, it is at the best only a crude simplification, which may be positively misleading. The very contrast which one is tempted to draw between the autarkic and the non-autarkic Powers is itself unreal, for in the countries which refused to make autarky an end in itself, there were powerful influences at work which derived their strength from the same set of

¹ *A View of Europe, 1932, p. 22.*

ideas as were more whole-heartedly accepted by the autarkists. In his report later, Monsieur van Zeeland insisted that 'in fact, we do not find on one side states devoted to a policy of complete autarky, and, on the other, states faithful to a strict observance of international free trade'. Anxieties 'to reduce to a minimum their dependence on other countries for the supply of staple products' were, as the League of Nations Economic Committee pointed out in September 1937,¹ 'to be found in almost every country in greater or lesser degree', and it was common form in general discussions of international trade to lay down, as a preliminary proviso to be accepted as a matter of course, that naturally each country must be free to interpret its own national interests for itself, a principle which (so it might be feared) would be likely in practice to reduce the whole discussion to trivialities. 'Every country', it was said, 'seeks, and seeks rightly, to protect its own economy,'² and the concept of national 'sovereignty' had in the economic field results no less damaging than in the political sphere. German critics were, therefore, justified in insisting that the differences between various countries in their efforts to ensure that adequate supplies of important commodities should be available from resources under their own direct control were largely differences of degree. Herr Funk, who later in the year became Minister for Economic Affairs, declared at Königsberg in August 1937, for example, that the Four-Year Plan was only an extreme form of the same autarky which most other nations, including the British, were pursuing. If such desires were to be taken as evidence of economic 'sin', the contrast was not one between black and white, but rather between varying shades of grey. But while such considerations as these were a proper antidote for the complacency of those who enjoyed putting the blame on some one else, it was also true that differences of degree might be so acute as to differ little in their practical effects from differences in kind. Where everything depended on interpretation, a too ready acceptance of the thesis that national honour and security demanded independence from other countries for supplies of every product, the cutting off of which might prove embarrassing in time of war, might easily reduce the volume of international trade to negligible proportions.

It was, moreover, frequently and to some extent convincingly argued that it was the protectionist policy of countries which

¹ *Remarks on the Present Phase of International Economic Relations*, pp. 16-17.

² See the leading article in *The Times*, 10th January, 1938.

professed to deplore autarkic tendencies which had helped to drive in the direction of self-sufficiency those countries who now complained most about the difficulties of getting raw materials. There was usually no formal prohibition against their purchase of raw materials. But if one left out of account the possibility of borrowing, the sale of manufactured goods was the only method of making their formal rights effective; and in fact the obstacles which checked such sales amounted to much the same thing as a formal prohibition. As the League Committee for the Study of the Problem of Raw Materials put it in September 1937, 'the difficulties in regard to payments vastly transcend in importance those in regard to supply'; and this was one way of saying that if the countries which complained of raw material shortages could sell their own products freely abroad, their grievances would for the most part disappear. This, no doubt, was by no means the whole story, but, in quarters which were sympathetic to freer trade, the relaxation of trade restrictions was regarded as having much more relevance than any redistribution of political control over colonial areas to the solution of the raw materials grievance.

The urgent practical problem was to reconcile the policies of countries which, with some qualifications, still aimed at improvements in average economic standards, and the policies of countries where, for the time being at least, these things were set aside as of little importance compared with the more urgent demands of *Wehrwirtschaft*. It should not, of course, be supposed that a willingness to sacrifice prospects of better standards of living to self-sufficiency in this or in any other case would ever be absolute. Herr Hitler himself told the Reichstag on the 30th January, 1937: 'I do not believe that there can be durable economic co-operation except on the basis of a new mutual exchange of goods'; and Signor Mussolini on the 28th November, 1936, had urged the expansion of international trade as a necessary condition for 'an increased standard of life for the working masses that constitute the great majority of the Italian people'. The Italian commentator who, faced with the reproaches implied in the epigram 'Guns or Butter', indignantly replied 'Not guns or butter, but guns *and* butter',¹ would certainly have rejected Mr. Cordell Hull's view that self-sufficiency 'should be discussed only under the name of deliberate and self-imposed economic impoverishment'.² Whether the analysis whereby he showed that his apparently irreconcilable objectives could simultaneously be realized was con-

¹ *Popolo d'Italia*, 21st December, 1937.

² See Mr. Hull's broadcast speech of the 19th September, 1937, reported in *The New York Times* of the 20th September.

vincing is, of course, another question. For the time being, in spite of the fact that the upward trend of prices of foodstuffs and raw materials imposed a growing burden upon the totalitarian countries who were compelled to make extensive purchases of these things, there certainly was a real divergence of purpose which seemed likely to last sufficiently long to test Monsieur van Zeeland's political ingenuity to the full.

Moreover, while for many purposes it is convenient to discuss economic policy in terms of the divergent outlooks of different states, it is an error to assume that such differences as existed—and they were without doubt grave enough—were irrevocable facts, which must be accepted as incapable of modification. It is a useful task to examine the influences which determine economic policy in different countries at any point of time, but happily these influences themselves are susceptible to change of various kinds, and it is never safe to assume that the purposes of any régime are fixed and unalterable. Changes in outlook in a country governed by a Dictator are unlikely to be so gradual or subtle as they often are in countries where divergent points of view can be publicly and repeatedly expounded, but even dictatorial states cannot be completely indifferent either to the state of mind of their own subjects or to the changes in the material background to which ultimately economic policy, whatever its objective may be, must be adapted. The necessity for such adaptations indeed justifies us in refusing to take at their face value all the emphatic declarations about economic objectives which Dictators sometimes make, though such a refusal does not make the task of interpreting contemporary economic history any easier. There is always, in the nature of things, some degree of elasticity in the foundations upon which economic policy rests, and the real task of economic statesmanship is to take prompt advantage of such favourable changes as occur, and to exert pressure to ensure that future changes shall be in a similar direction.

With the collaboration of Monsieur Maurice Frère, another Belgian economist, who formerly had been adviser to the Austrian National Bank, Monsieur van Zeeland accordingly set about the task of sounding the Governments of those countries which were likely to be most directly concerned with such practical measures as his mission was intended to encourage. Monsieur Frère began his preliminary investigations at once, visiting London, Paris, Berlin, The Hague, Berne and Rome, and later Central and Eastern Europe as well; but apart from discussions with a number of European statesmen who happened to be visiting Brussels for other purposes,

Monsieur van Zeeland postponed his own detailed inquiries in Europe until he had examined the situation in the United States. A visit ostensibly arranged for the conferring of an honorary degree by Princeton University, where Monsieur van Zeeland had been a post-graduate student in 1920-1, offered a convenient opportunity for consultation with President Roosevelt and other American statesmen, and, with this in view, he arrived in New York on the 18th June. Monsieur van Zeeland was careful to distinguish sharply between the immediate purpose of his American visit and the mission entrusted to him by the British and French Governments, but he did not hesitate to indicate the great importance which he attached to economic disarmament.

All these rumours and threats of war [he said, at a dinner given in his honour by the Council for Foreign Relations in New York on the 28th June, 1937] are far from constituting an insurmountable barrier to closer economic relations and are, to my mind, a further reason to act, and to act swiftly. Delay at this moment is against the interest of peace.

He gave clear expression also to the fears which in many minds made the task of economic appeasement so urgent, referring to the great unknown factor . . ., the economic difficulties with which certain of the leading nations are faced. Should these difficulties become more acute, they might—who knows?—create an internal situation so strained that recourse to war would appear as the lesser of two evils, or as a last desperate card to play.

He indicated, moreover, his gratification at finding in the United States

a firm determination to support all initiatives destined to put a halt to the armaments race, a desire to free world trade from the obstacles with which it is faced to-day, and a willingness to participate in any measures of a practical nature destined to achieve [these] two objectives.

On his departure from the United States a joint statement signed by the President and the Belgian Prime Minister explained that, in the course of their conversations, it had been stressed

that within the frame of traditional American policy it was the disposition of the United States to co-operate in the joint work of rebuilding international trade, continuing co-operation in monetary matters, and seeking arrangements whereby the burdens and dangers of overwhelming armaments might be reduced, or the method of their employment safeguarded.

On the 5th July Monsieur van Zeeland arrived in London for consultation with members of the British Government. The first

official *communiqué* merely announced that agreement had been reached on what further steps might usefully be taken in pursuit of the objects of Monsieur van Zeeland's investigations, a statement which, in the light of Mr. Eden's remark on the 19th July that 'our contribution must necessarily be limited by the fact that His Majesty's Government's policy in regard to imports is clearly a liberal one', did not hold out any very lively hopes of vigorous action. Monsieur van Zeeland made an optimistic statement on his return to Brussels, and on the 24th July received from King Leopold III a letter underlining the need for a permanent economic organization to study the fundamentals of a free and co-operative world economic organization, characterized by universality, permanence and independence of national influences. Such intervention seemed to indicate that Monsieur van Zeeland's preliminary investigations had not in fact met with the whole-heartedly favourable reception which had been hoped for. Those who reflected upon the mass of factual information which had already been collected by the League Secretariat, the International Chamber of Commerce and other organizations, showed no great enthusiasm for another elaborate instrument of study at a time when the facts were already well known, and the most important condition of action was the effective goodwill of Governments and of trading interests likely to be affected by changes in trade policy.

King Leopold's suggestion evoked a number of sympathetic comments, but in fact little more was heard of it. There was only a faint echo of it in Monsieur van Zeeland's final report, and perhaps it deserves mention now mainly because it illustrates the kind of action which was contemplated with a view to inducing the autarkic Powers to co-operate with the rest of the world outside the framework of the League machinery.

The results of Monsieur van Zeeland's inquiries were confidently expected as early as August 1937. In fact there was no formal presentation of his report until the following year, and in the meantime the European atmosphere did not improve. There was, indeed, some tendency to argue that the process of economic rehabilitation in Europe must await a relaxation of political tension. In the opinion of the Economic Committee of the League of Nations, among whose members was Monsieur van Langenhove, the Secretary-General of the Belgian Ministry for Foreign Affairs, who, it was believed, had been collaborating with Monsieur van Zeeland, international action for the normalization of economic relations was not 'likely to succeed except in a favourable political atmosphere'. Economic and political

problems were obviously interdependent, but this point of view clearly conflicted with the ideas of those who had based their hopes for peace in the future upon economic appeasement, believing that in so doing they were merely putting first things first. Whether the reasoning of the Economic Committee was well founded or not, it certainly played into the hands of those who were happy to adopt any pretext to justify further inaction. Monsieur van Zeeland and Monsieur Frère nevertheless continued their consultations—in September, for example, Mr. Sumner Welles, the Under-Secretary at the State Department in Washington, visited Brussels, and later Monsieur van Zeeland visited Rome and interviewed the Italian Foreign Minister and Minister for Foreign Trade and Exchange. He was, however, for a time inevitably preoccupied by the internal Belgian political crisis which led to his resignation in October,¹ and the effort to ensure that no proposals should be included in his report upon which there would be no hope of reaching agreement still further delayed its presentation.

(e) ECONOMIC APPEASEMENT AND THE TOTALITARIAN STATES

However strongly, and rightly, one may stress the fact that the responsibility for the trade restrictions which had grown up had to be shared by all countries to a greater or lesser degree, the attitude of the totalitarian states was clearly a matter of special importance. Their co-operation was, if not a sufficient, yet certainly an essential condition for the success of any all-inclusive plan of economic appeasement, and special attention must therefore be paid to such evidence as was available of their attitude, and in particular of the attitude of Germany, towards a common policy in the economic sphere.

At the outset, although the *Diplomatisch-politische Korrespondenz*, the Foreign Office organ, announced that Germany was disinclined to participate in 'useless discussions and economic conferences that pose problems falsely and represent perhaps merely a detour for the attainment of political objects', the attitude of the German Press to the van Zeeland Mission was not unsympathetic. Dr. Schacht too, after a conversation with Monsieur van Zeeland in Brussels on the 14th April, declared that Germany was ready to collaborate in all efforts to restore freedom of trade, and would admit the Soviet Union as a participant in any international commercial agreement which might be concluded.

While Monsieur van Zeeland was still in the United States, the

¹ See p. 367 below.

biennial Conference of the International Chamber of Commerce, which was held in Berlin from the 28th June to the 3rd July, gave an opportunity both at the opening session, which was addressed by General Göring and Dr. Schacht, the Minister for Economic Affairs, and in the Press, for elaborate publicity for the official German point of view on world economic questions, which, according to the German authorities, was commonly misunderstood. It is nevertheless not easy to get a perfectly clear picture of the German outlook which would be accepted as accurate by both Germans and non-Germans, and any attempt to arrive at a consistent interpretation by reading between the lines carries with it, of course, certain obvious dangers. General Göring insisted¹ upon the obvious, if not platitudinous, fact that German economic activity aimed, through the export of goods which were the product of German work, at making possible the importation of goods which Nature had denied to the German people in their own country. There was no country which on principle could refuse to participate in the international exchange of goods, for such a policy would mean a renunciation of the possession and enjoyment of goods which hitherto had been accessible for the whole of Mankind. But an economy which was conscious of its national tasks could not allow dictation from outside as to what ought to be exported or imported. Germany would in the future determine her imports according to her own judgment of what corresponded to her needs.

Nobody would be eager to dispute General Göring's dictum that 'in a healthy world economy, each country imports in the first place those goods for which it has a genuine demand, which it cannot produce from its own natural resources and its own labour power, while it exports goods which it produces from its own special or peculiar natural and intellectual productive capacity and thus enriches the world economy'. But the interpretation of this general principle which appeared most obvious outside the boundaries of totalitarian states would not naturally suggest the conclusion which, General Göring declared, inexorably followed from it—the conclusion, namely, that 'the aspiration for autarky which unfortunately had been so frequently misunderstood' was nothing but an 'indispensable presupposition for the building up of a new and healthy world economy'. Whether it was such an indispensable presupposition or not, German policy appeared in fact to have less direct connexion with the positive doctrine of the necessity for developing one's own productive capacity than with the negative doctrine which General Göring

¹ In an article which he published on the occasion of the Conference in the review *Der Vierjahresplan* (June 1937, pp. 322-3).

expounded to the International Chamber of Commerce at the opening session of the Berlin Conference on the 28th June, 1937, that 'the condition of dependence upon the greater or lesser goodwill of foreign Powers is, for a self conscious people that has the desire to live, simply intolerable'. Such a condition of dependence, one might have thought, was the normal lot of every state, however great, but, according to General Göring, Germany at least must have under her own direct control the important economic bases of life, if she was to retain in her own hands the preservation of her independence, honour and reputation.

At a later session of the Conference, on the 1st July, Herr Pietzsch, the President of the Reich Economic Chamber, attempted to distinguish between two kinds of economic nationalism; the right type aimed at supplying the requirements which were essential to life from a nation's own resources: the wrong type meant the egocentric endeavour to produce everything from one's own necessarily limited natural strength and to accept nothing from the inventive faculty and industry of other peoples. The former did not imply any reduction of international trade, but merely a change in its direction. Much of this argument echoed the pretexts offered in defence of trade restrictions everywhere throughout the world. The only rational foundation for even this limited kind of self-sufficiency was to be found in the fear of war, so that inevitably the discussion veered round to political issues. A state which insisted upon producing from its own resources everything which was essential for war in the modern world would necessarily impose upon other countries changes in the direction of international trade of the most drastic kind. And if the effort to produce these things was so severe as to occupy nearly the whole time and attention of the people, the field within which production might be directed towards goods which were regarded as suitable for international trade, because neither independence, honour nor reputation was endangered by such traffic, was likely to be extremely restricted. 'The Four-Year Plan', it was said, 'is not hostile to exports, but is a deadly enemy of compulsory imports'; but the process of securing freedom from imports which from the National-Socialist standpoint were condemned as 'compulsory' would certainly deal some damaging blows to exports as well. It was clear that, despite Herr Hitler's declaration to the Reichstag on the 30th January, 1937, that from the economic point of view there was not the slightest evidence for the assertion that Germany was standing aloof from international co-operation, Monsieur van Zeeland's task of reconciling opposing points of view was

not going to be easy. To the resolution on trade policy, which was put forward for adoption by the Conference of the International Chamber of Commerce, the German group added the qualification that international commerce could be established only by way of friendly and comprehensive collaboration between national economies consolidated on the basis of a real equality of rights, and in conformity with the vital necessities of each nation, which rested on the right of each people to self-preservation. As General Göring put the German thesis, 'we are a besieged fortress; in these circumstances we must use our own strength up to the last ounce'. From people who had persuaded themselves that they were living in a besieged fortress, pleas for co-operation from those alleged to be responsible for the siege were unlikely to elicit a favourable response.

The outstanding expression during 1937 of the determination to develop German sources of raw materials to the utmost and in the shortest possible time was the establishment of the Hermann Göring Werke at Salzgitter in Hanover. The loss of Lorraine had greatly diminished the proportion of the iron consumed in Germany which was produced within the borders of the Reich. Strenuous efforts were made to diminish this dangerous dependence by cutting down the consumption of iron in Germany. The opening of a new fertilizer works was, for example, prohibited until 1938, and porcelain pipes were increasingly substituted for metal ones, especially in building. There were, moreover, extensive deposits of low-grade ore in Germany, to which it was inevitable that an administration intent on rapid rearmament should direct its attention. Already in December 1936 a decree had been issued which compelled the owners of mineral properties to conduct mining, prospecting or drilling operations when called upon by the authorities to do so. A further step was taken in July in founding the Reichswerke A.-G. für Erzebergbau und Eisenhütten 'Hermann Göring', which was compulsorily to acquire mining rights and royalties in return for its own shares, especially where iron-ore resources had so far not been fully utilized. In this way it was hoped that the proportion of home-produced iron-ore to total consumption would be quadrupled, which meant an increase from 12½ to about 50 per cent. within four years. The extent to which it was contemplated that iron production would be expanded in this way, and the difference in costs between the products of the Hermann Göring Werke and other sources of supply, were alike so considerable that the new venture appeared to make inevitable the closest control of the whole iron and steel industry.

The exploitation of low-grade ores which in the ordinary course of events would have been regarded as too expensive was not, in the usual sense of the term, an illustration of the search for substitute raw materials. This search was again throughout the year prosecuted with the utmost vigour, the two tendencies both being expressions of the economic philosophy which made the struggle for *Rohstofffreiheit* appear an end of such overwhelming importance to the German Government. Here again the interpretation to be placed upon German policy must be in large measure a delicate question of deciding how far differences of degree were in fact equivalent to differences of kind. German authorities maintained that they were merely attempting, in a short space of time, what every other country was also doing, but in a more leisurely way, and they were pleased to point out, for example, that the processes exploited by the Hermann Göring Werke, and its problems of organization, were similar to those at Corby in Northamptonshire, where an English firm had begun work of the same kind as early as 1932. The development of beet-sugar was quoted as a parallel case of the invention of a substitute the pressure for which had also developed from the difficulties of a period of war, and some German authorities even went so far as to argue that their work in this connexion could be compared with the development of agriculture by means of artificial fertilizers. The German substitute raw material, artificial wool, which attracted the greatest notice, doubtless because of its threat to the stability of primary producing countries for which wool had for many years been an important staple export, was also not an exclusively German invention, nor was its development outside Germany confined to Italy and Japan, the other two countries which were most energetic in diminishing their dependence on the outside world. In England Courtaulds, Ltd., the chief producer of artificial silk, had also made extensive experiments in the same field. There was a similar story to tell in regard to other commodities as well, and in some cases there were rapid rates of increase of output, though, as a rule, not comparable with that which attracted so much attention in Germany.

There was no reason in the nature of things why the advance of knowledge should not be directed towards the invention of new basic raw materials, and though it might be thought that in a rational world it could with greater advantage be applied to increase the stock of new things rather than to produce old things in a new way, it was quite possible that some of the shots aimed at the target of self-sufficiency might by chance succeed at the same time in lowering production costs and raising real incomes.

The field to which German chemists were encouraged to apply their inventive faculties was extensive, including synthetic rubber or Buna, leather, petrol, textile fibres and resin. Not all the processes with which experiments were made were new, some indeed dating back thirty years. Each process required extensive capital equipment, and in the spring of 1937 a special tax was imposed on imported rubber, the proceeds from which were to be used for the construction of the new plant which was to produce Buna. The increase in the output of artificial wool, Zellwolle, was especially rapid; the value for 1937 was estimated at more than double the value for the previous year, while the expansion of capital equipment was even more rapid. It was, however, noteworthy that the contribution of natural wool to the raw materials of the German clothing industry was also greater in 1937 than in 1936, the relative decline which corresponded to the rapid advance of Zellwolle being confined to cotton. German production, which had been responsible for 17.5 per cent. of the total consumption of raw materials for clothing in the years 1930 to 1933, contributed 23 per cent. in 1935 and more than 41 per cent. in 1937, and some observers believed that imports were being used partly to build up stocks and to that extent were not going into consumption. These were no doubt remarkable changes, but, as in other countries which also aimed at a partial self-sufficiency, doubts remained whether ultimately complete independence from the outside world was possible. The effort to replace natural by artificial fibres was dependent upon an adequate supply of wood pulp, and there were some fears that German timber resources were being improvidently exploited. Even after the most strenuous endeavours, it seemed probable that substantial imports of one kind or another would still be necessary. Complete self-sufficiency in all essential raw materials was, in fact, an illusory will-o'-the-wisp, and against the costs and inconveniences arising from the drastic reorientation imposed on the economic structure both at home and abroad there was to be placed on the credit side only a faint and imperfect approximation to the degree of national freedom which was regarded as so important.

The importance which was attached to the Four-Year Plan in Germany was indicated by the allocation of the task of supervising it to General Göring, who was believed to have sufficient energy and drive to overcome the hesitations of doubters and to compel any discordant elements to work together with as large a measure of harmony as possible. Dr. Schacht, the President of the Reichsbank, had been appointed acting Minister for Economic Affairs as far back

as 1934, but the vigorous prosecution of the Four-Year Plan brought with it risks of overlapping, if not of clash, between the old Ministry and the new administration under General Göring. It became known that Dr. Schacht was anxious to relinquish his ministerial post, and his resignation was formally accepted on the 26th November, 1937, when Herr Funk, formerly Secretary of State in the Propaganda Ministry and an old member of the National-Socialist Party, became Minister for Economic Affairs, Dr. Schacht retaining the Presidency of the Reichsbank.

The significance of these administrative changes was widely disputed, and a confident interpretation can scarcely be offered here. In Germany they were represented as being merely a matter of convenience, which made it easier to simplify the organization of the Four-Year Plan. Sceptical critics abroad found it difficult, however, to accept this view, especially on account of the fact that Dr. Schacht's resignation was apparently under discussion for some months before its formal acceptance, and it was believed that for some time before his resignation he had ceased active work at the Ministry. Dr. Schacht had been himself largely responsible for the extraordinarily complicated system of exchange control which had grown up in Germany, but his general experience and habits of thinking were likely to make him interpret the economic measures of the German Government as part of an emergency programme rather than to place him among the Germans who were openly scornful of the traditions of liberalism and were looking forward to the growth of a new economic system. The evidence available is scarcely sufficient to enable us to decide whether he did, as many supposed, believe that the Four-Year Plan had been ill conceived, and that the objective conditions within which the German economy had to work were such that its major purposes were incapable of realization; it cannot, however, be doubted that the appointment of Herr Funk meant that the chances of the German Government departing in any near future from the path which they had mapped out for themselves were extremely small.

Observers in other countries were often inclined to criticize German policy by asking 'Where is the money to come from?' The control which the Government exercised over nearly every branch of banking activity in Germany, the elaborate system of price regulation and the more or less compulsory diversion, to Government loans, of profits in excess of 6 per cent., made it possible at least to postpone the necessity for facing up to some of the technical problems which those who posed the question had in mind. But in a simpler and more

fundamental sense the answer to the question is easy. In its essence, money is merely an instrumental aid to production, and estimates of cost in terms of monetary units are not always very illuminating. The real cost of the new supplies of raw materials was the renunciation of the other things which might have been produced and enjoyed in their place, and if German claims with regard to unemployment were to be accepted at their face value there was little importance to be attached in this case to the qualification, which in some circumstances might have been highly significant, that the new products could be obtained, without sacrificing anything else, by the employment of otherwise idle resources. Within wide limits any country can enjoy as much as it wants of anything, motor roads, iron works, social insurance or education, provided that it is prepared to dispense with something else, and the leaders of the German Four-Year Plan did not conceal the sacrifices that it would impose upon the German people.

Either the German nation [said General Göring in July] is determined to maintain and build up its independence and freedom—and that must bring with it certain sacrifices, for it will not come by itself—or it wishes to live in a temporary state of abundance and luxury, which means that in the decisive hour we should be weak and defenceless and therefore slaves.

So long as the German people were prepared to regard these sacrifices as 'a matter of curtailment rather than of deprivation',¹ questions of cost interpreted from this point of view might be set aside as unimportant. How far curtailment was already being imposed was indeed a matter in dispute. It was admitted in Germany itself that during the last few years aggregate consumption had increased, but the individual German's share in the social product had decreased,² and non-German critics regarded with even greater reserve the official thesis that real incomes had been kept fairly stable since 1933. The difficulty of measuring income was, in the case of Germany, abnormally great, but even if the most favourable official interpretation were accepted, and the greatest possible weight were also allowed to the contention that the diversion of activity to intensive technical research would open up new and hitherto unsuspected methods for raising real incomes, it seemed clear that, with the attainment of a condition approximating to that of full employment, further extensive capital investment of the kind which the sponsors

¹ Paul Osthold: 'Germany, Why and How?' in *Lloyds Bank Monthly Review*, December 1937, p. 716.

² See the *Frankfurter Zeitung*, 1st January, 1938.

of the Four-Year Plan had in mind would be increasingly difficult without an unmistakable and substantial decline in the average standard of living.

(f) THE VAN ZEELAND REPORT

It would no doubt be unfair to reproach Monsieur van Zeeland himself for the failure to penetrate to the roots of the problem which a perusal of his report¹ suggests to a critical reader. Although it was his main business to suggest lines along which current policies might be modified, he was naturally eager to present something in the nature of an 'agreed report', and proposals which were certain to be rejected by one or other of the Governments concerned were therefore ruled out beforehand, no matter how sensible, or perhaps even essential from a long-run point of view, they might be; fundamental analyses of the world economy had already been frequently made, but so far had led nowhere. The immediate practical task was to discover means whereby, in a given situation, small, but not necessarily unimportant, advances might be made on a number of limited fronts.

Some critics showed a disposition to criticize the report because it had attempted to do too much. It was necessary, they argued, if improvements in the economic sphere were to be realized, to proceed more cautiously step by step. In fact, a perusal of the document suggests that it would scarcely have been possible to put forward a more sober or restrained set of proposals. Monsieur van Zeeland's unwillingness to probe too deeply was indeed no doubt a reflection of the reluctance, which he had everywhere found, to take any practical steps to convert into anything more solid and tangible the sympathy with which his mission had been received. There was very little in the report which went beyond the ideas exchanged elsewhere in discussions of trade policy throughout the depression period. Much of it, according to one American journalist, might have been written by Mr. Cordell Hull; some ideas were echoes of what Monsieur van Zeeland himself had proposed earlier; and several sections showed a close resemblance to the report made by the Economic Committee of the League of Nations on the 10th September, 1937.² But unfortunately the peculiar task, which, rightly or wrongly, had been

¹ *Report presented by Monsieur van Zeeland to the Governments of the United Kingdom and France on the Possibility of Obtaining a General Reduction of the Obstacles to International Trade, 26th January, 1938* (published in French and English as the British White Paper *Miscellaneous No. 1 (1938)* [Cmd. 5648]).

² *Remarks on the Present Phase of International Economic Relations* (League of Nations document C. 358 M. 242. 1937 II. B.).

widely supposed to distinguish Monsieur van Zeeland's from other surveys of a similar kind—namely, that of ascertaining the extent of the common ground upon which the Governments of the more important countries might be disposed to work together—was in effect shirked. 'In this report', said Monsieur van Zeeland, 'I have deliberately debarred myself from touching on the strictly political aspects presented by a number of questions with which we are faced', and in comments after publication of the report he again insisted on the purely economic nature of his terms of reference, with an emphasis which appears a little exaggerated when one recalls the grounds upon which approval had originally been given to the entrusting of such a task to him. 'I do not wish', he said, 'to overstep the boundaries of my task, or to examine political problems, for a judgment upon which I am not competent.' And in interpreting this attitude it is difficult to rule out as entirely irrelevant the awkward hypothesis that investigation had revealed the absence of any such common ground, at any rate for the time being. Monsieur van Zeeland himself was clearly not extravagantly optimistic about the results of his work. 'At one moment', indeed, he said, 'seeing the obstacles piling up, I asked myself whether it were not preferable to give up attempting at the present moment any major effort of collaboration in the sphere of international economics, and to await a serener atmosphere.' This attitude, however, he rejected, as 'sterile and even dangerous'. 'One has never the right to renounce action, or, at any rate, to renounce attempted action.' His soundings of Governments no doubt accounted for certain omissions in his report. Some proposals, which a purely academic survey might have suggested, were not made, because it was known that one or another Government would reject them, but unfortunately it cannot on the other hand be assumed that the inclusion of those practical proposals which appeared in the report indicated Monsieur van Zeeland's well-founded belief that they were likely to be accepted.

The van Zeeland report opened with a whole-hearted acceptance of the view that, on account of the lowering of the standard of living which was likely to be the consequence of autarky, a policy of international economic collaboration was to be preferred. And further 'we must assume', said Monsieur van Zeeland, 'that these views are, in the long run, shared practically unanimously by all statesmen of the present day'. Unfortunately it was to be feared that there was not the same unanimity about the interpretation to be given either to the concept of international economic collaboration or to the phrase 'in the long run'. The sympathetic reception which greeted

Monsieur van Zeeland in all the capitals which he visited was unfortunately less significant than the 'very marked reserve' which he encountered as soon as he passed from vague generalizations to 'concrete suggestions' or 'practical proposals'. If 'the long run' which qualified the unanimous approval of international collaboration and of the improvements in living standards which only international collaboration could assure extended so far as fifty, as twenty, or even as ten years, the chances of economic appeasement proving an effective instrument for dealing with immediate problems were not very great. Monsieur van Zeeland not only put political considerations on one side, but he also failed thoroughly to explore divergences in the field of 'ends', interpreted in a narrowly economic sense.

The report then turned to a consideration of 'the principal direct obstacles in the way of international trade and the means for reducing them'. In the first place it accepted the view, which had for some time been fashionable, that 'the existence of a customs tariff is not in itself to be included in a list of the most serious obstacles to international trade'. It was, no doubt, true that the disturbing effects of tariffs were much less than the effects of the more modern devices for preventing the movements of goods across national frontiers.¹ Looking back from 1937, the world of 1927, with all its high tariffs, might well be regarded as a world of comparative freedom. The decline in the importance of tariffs was, however, merely relative, and in no way absolute. According to the report, 'at the end of a certain time, a sufficient degree of equality of competition is established between home and foreign producers' by the repercussion of tariffs on internal prices. But what is 'a sufficient degree of equality of competition'? Home producers will seldom believe that equality of competition is 'sufficient', unless foreign competitors are, in greater or lesser measure, excluded. Even a low tariff may on occasion be equivalent to absolute exclusion, and experience has shown that when 'equality of competition', however defined, has been regained, there is a strong tendency to press that fact as a reason for raising the tariff again to a still higher level. According to the report, the only kind of tariff which merited severe condemnation was one which included 'duties the amount of which is considerably more than the average incidence of the tariff', and, because

¹ The view of Dr. Hans Sulzer, a Swiss member of the Council of the International Chamber of Commerce, that 'a rational application of quotas was less prejudicial to trade as a whole than prohibitive tariffs' (*World Trade*, April 1938, p. 6) should, however, be noted.

a general movement for the reduction of tariff duties 'does not at present come within the range of possibility', Monsieur van Zeeland was content to suggest a general undertaking 'on the one hand not to raise or widen the range of tariffs and, on the other, to carry out a gradual reduction of such duties as are of an exceptional character and the amount of which is notably greater than the average incidence of the tariff'. (A precise definition of 'the average incidence' of a tariff, it may be noted in passing, places a considerable strain upon the logical powers of even the most penetrating thinker.) Even 'the undertaking to file down the sharp points of a tariff' was 'to be spread over a certain number of years'. In addition, and perhaps more important, the report suggested that tariff barriers could be still further lowered by bilateral agreements, based on the most-favoured-nation clause with exceptions to cover 'the case of countries which employ inadmissible discrimination or which refuse to participate in a general effort aiming at the reduction of obstacles to international trade', and 'drawn in such a way as not to obstruct the conclusion of group agreements or regional pacts, so long as these do not tend to constitute a discriminatory régime . . . and are open to the accession of all those who are willing to accept the combined obligations and advantages'—a provision obviously intended to prevent a repetition of the stifling at birth which had been the fate of the Ouchy Convention in 1932.

Next came a condemnation of the administrative practices which, under the guise of sanitary regulation, or over-elaborate definition, or measures against alleged dumping, in fact had become formidable hindrances to international trade. Here, too, the method of bilateral agreements was approved, based in some cases upon the international conventions which had already been concluded, and strengthened by the creation of Joint Committees to deal with unforeseen cases.

Quotas which, from 'their arbitrary and artificial character', had become 'one of the most formidable obstacles to the development of international trade', called for rather more drastic treatment. Even here the report showed a disposition to be tender towards the susceptibilities of particular Governments. The suppression of industrial quotas was categorically recommended, but only 'over a fairly long period, so that nobody should be taken by surprise', and with the further qualification that quotas might be replaced by tariff duties, or 'tariff quotas', a device whereby higher duties were imposed on any imports in excess of the quota limit. The report was also careful to insist that 'the suppression of quotas by no means

implies the suppression of international cartels', which 'proceed from entirely different conceptions'.

A more fundamental and perhaps more dangerous qualification, in dealing with which Monsieur van Zeeland followed the lead given by the League Economic Committee in September,¹ was designed to meet 'the serious problem constituted by the competition of countries whose standard of living is so much lower than that of their principal competitors that the normal conditions of international competition are thereby distorted'. 'Normal conditions of international competition', it appears, means competition between individuals with similar standards of living. 'Action must be international', Mr. Bruce had said,² 'for no country can go too far ahead of its competitors in raising standards of living without danger to its competitive position in the export trade.' This view had been widely accepted, and had frequently been a powerful influence in moulding trade policies; an examination of history, however, offered little evidence to support it, except on implicit assumptions, an examination of which showed that the root of the matter was to be sought in quite a different direction, which was obscurely hinted at by a phrase which appeared later in the report: 'a fundamental solution of the problem of production'.³

Agricultural quotas were handled even more gently. In dealing with this question the report was careful to avoid any risk of a head-on collision with British official policy. Here again, the idea of 'making competition normal' came up, and the content of this idea would obviously be different according as it was interpreted by a Government dominated by agricultural interests or by the consumer who was asked to buy his food at prices in large measure determined by such interests. Agricultural production, it was pointed out, had peculiar features, arising in part from its seasonal or perishable nature, and in part from its inelasticity of supply. Farmers had often tried to meet the difficulties created by falling prices by expanding instead of contracting output. Exceptions to the general principle of suppressing or reducing quotas might therefore be granted even more liberally in agriculture than in manufacturing industry, 'pending a fundamental solution of the problem of production', a concession which, if the activities of Governments in the recent past in grappling with this problem were to be taken as a decisive criterion, might in practice mean postponement to an indefinitely remote future. The

¹ *Remarks on the Present Phase of International Economic Relations*, pp. 14-5.

² At Birmingham, on the 24th February, 1937 (see *The Times*, 25th February, 1937).

³ See below, pp. 107-8.

central dilemma of a policy of economic appeasement presented itself, indeed, in its sharpest form in the problem of agricultural protection. Among the most potent motives for conserving the existing structure of agricultural production, or for expanding the capacity for such production at home, was the fear of war. But the very measures which were designed to afford protection against the risks of starvation in the event of war might themselves help to create the state of tension which would exacerbate international rivalries. The attempt to relieve this tension by reciprocal trade concessions and at the same time to maintain the original policy of agricultural protection would almost inevitably end in vacillation and inaction.

The next section of the report dealt with obstacles to international trade, arising from monetary disturbances in general and in particular from foreign exchange controls which checked the transfer of capital and might make the payment of ordinary commercial debts difficult or even impossible. These controls had in some countries encouraged the growth of an administrative vested interest; for, without reference to their original objective, Governments were often reluctant to abandon the powerful weapon which they now found available for controlling the channels along which imports and exports should flow. 'Admittedly', the report observed, 'the best policy would be to reach a definite solution of the problem of the international monetary standard. Such a solution would have to be sought in the re-establishment of the gold standard, though on a considerably altered basis. But as yet it is probably too early to make any such attempt', and interim solutions must therefore be sought. First it was proposed to revise and extend the Tripartite Agreement of September 1936, the parties agreeing to extend the period over which exchange stability should be assured to six months or a year—'a period long enough to free current commercial operations from any monetary risk'—variations being allowed for 'quite exceptional circumstances of a character practically equivalent to that of *force majeure*'. If the principle of exchange stabilization were accepted, there was perhaps something to be said for a provision designed to encourage timid Governments by suggesting that in fact they were bound to stability for only a short period. But it seemed doubtful whether such a provision could in fact have any reality. The engagements into which the Governments who subscribed to the Tripartite Agreement had entered were vague enough, but it was difficult to conceive of any half-way house, such as the report seemed to contemplate, between an engagement of this kind and formal and definite stabilization, release from which in 'exceptional circumstances' equivalent

to *force majeure* could in no event be avoided by any sort of agreement. No Government would ever say, in effect: 'We guarantee to maintain stable exchange rates for the next six or twelve months, but for no longer.' If there was any reasonable ground for expecting a departure from the stable rate at the end of the guaranteed period, no conceivable power—exchange control being, *ex hypothesi*, ruled out—could prevent speculative activity which would speedily generate the *force majeure* which would justify the abandonment of stability long before the end of the period covered by the agreement.

A still more delicate part of this problem was the determination of new exchange levels in those countries which had not yet achieved an adequate degree of internal equilibrium; the chances of adoption for the recommendations of the report depended almost entirely on the willingness of these countries to abolish their exchange controls and clearing systems, and take the necessary steps to adjust their internal economies to a policy of exchange rates, at once free and stabilized. Before this could be done, it was necessary to liquidate the accumulation of past debts, the burden of which had often been a pretext for the imposition of controls. 'The liquidation of the past implies an agreed adjustment of external debts which weigh on the country, as far as may still be necessary and warranted', a suggestion which seems to imply some scaling down of existing liabilities; clearing arrears 'which arise out of old credits completely immobilized' should be consolidated, i.e. converted into long-term debts. For the future, countries which agreed to free their currencies from exchange control should be provided with 'credit facilities which would remain at their disposal during the period of adjustment', and for this purpose a complicated and somewhat obscure plan was proposed, based upon the machinery of the Bank for International Settlements. The guarded language in which this plan was described may unfortunately make it easy to describe it unfairly. The essence of the matter, however, appeared to be a proposal for closer collaboration between the Exchange Equalization Accounts of various countries, involving a pooling of some part of their resources; the funds thus made available were then to be used to support the exchange of any of the participants in the scheme who might temporarily find difficulty in maintaining the external value of their currency at the agreed level.

The proposal was similar to one discussed in 1932 by the Financial Committee of the Stresa Conference,¹ of which Monsieur van Zeeland had been *rapporteur*, though the countries which were

¹ See the *Survey for 1932*, pp. 93-4.

particularly in mind in this connexion in 1938 were without doubt Germany and Italy, rather than the countries of Central and Eastern Europe with which the Stresa Conference had been particularly concerned. The scheme made it possible to avoid any proposal for direct credits, which, for obvious reasons, as had been made abundantly clear, would not be favourably received, but if it was to have any significance at all it did mean in effect disguised lending to these countries. The countries whose currencies were already fairly stable, Britain, the United States, and some of the smaller European countries, would necessarily provide the greater part of the new resources of the Bank of International Settlements, which would then be available to stabilize the German and Italian exchange-rates after their release from 'artificial' control. Stable exchange-rates might be endangered either by a flight of capital or by abnormal imports for governmental purposes, and in particular for further rearmament, and the former cause alone might necessitate a support of the exchanges on a scale which was quite impracticable. It is indeed open to question whether any violently anti-Semitic Government, whose subjects included a large number of Jews, could ever seriously contemplate the relaxation of exchange control, unless they were at the same time prepared either to expropriate Jewish property completely or else to reverse their anti-Semitic policy; and it was not only Jewish capital which a rational review of future probabilities would make its owners eager to withdraw from Germany. The precise extent of the first-mentioned risk might be ascertained by an investigation into the volume of German property still in Jewish hands,¹ but the second risk was less easy to gauge accurately, since it depended in large measure on the attitude of the Governments concerned towards further rearmament. If for any reason, such, for example, as the resentment which Herr Hitler expressed in 1938 at the maintenance of a free Press in Britain, it were decided to maintain or perhaps to accelerate the rate of expenditure on armaments, and in consequence there were large-scale increases in imports for that purpose, there would shortly be an adverse pressure on the mark or the lira, and if, in terms of an agreement such as the van Zeeland report envisaged, the Bank of International Settlements were then to provide the necessary support for these threatened currencies, funds provided by the Exchange Equalization Accounts of other countries would in fact be used to finance German and Italian armaments. If, moreover, as was probable, the International Exchange Equalization Account

¹ One journalist's estimate in April 1937 was between 10,000,000,000 and 15,000,000,000 marks (*The New York Times*, 24th April).

in Basle was administered on the same principles of secrecy as were almost inevitably adopted by the national Accounts, it would in practice be extremely difficult to know if, and to what extent, its funds were in fact being used for this purpose.

In these apparently technical sections of the report, indeed, the crucial political difficulties of the concept of economic appeasement forced themselves to the surface. 'One can understand', the report stated later, 'the preoccupation of those who fear to see the financial assistance, the credit facilities, or the facilities for obtaining supplies which would be granted in the execution of the present programme of action diverted from their object to serve warlike ends. Guarantees would have to be provided in this respect, and such guarantees are necessarily political in their nature.' But in the very nature of things, and leaving aside the possibility of a complete reversal of policy, could such guarantees ever be given in a form which would create confidence in their effectiveness? If a man lends me £10 on condition that I do not spend it for some purpose of which he disapproves, what effective control can he exercise if I choose to spend the £10 in accordance with his wishes, and then divert an equivalent sum from my other resources to buy the things which he dislikes? The van Zeeland proposals on tariffs and quotas were none the less useful because they were cautious and unoriginal, but the plan as a whole could scarcely be put into operation without changes which involved something closely resembling a complete revolution in the Nazi economic system, and it seemed rash to assume that this was even a remote possibility. 'Credits which would weaken our political power do not interest us', it had been said when a similar proposal was under discussion at the International Chamber of Commerce Congress.¹ In any event, the search for an effective technique of economic appeasement led back inexorably to political issues. The two methods of approach, the economic and the political, were wrongly conceived as alternatives; simultaneous advances were necessary on both fronts.

On the raw materials and colonial problem, the report was content merely to record divergent points of view, and to note, without expressions of either approval or disapproval, some of the suggestions which had been made for dealing with it. It concluded with an outline of the machinery for 'A Pact of International Collaboration' by which the participating countries would bind themselves first to abstain from a certain number of reprehensible practices, and then 'to take up and to examine in a spirit of understanding and mutual

¹ The *Berliner Tageblatt*, cited in *Le Temps*, 5th July, 1937.

assistance the problems and difficulties arising in their economic relations'. For this purpose, it was desirable first to bring together representatives of the principal economic Powers, with a preparatory agenda on the following lines:

- (1) Are you agreed to take part in an attempt at international economic collaboration ?
- (2) Do you, with this object in view, accept as a basis for discussion the main lines of the present report ?
- (3) What are the points in this report, if any, which you would wish to see either omitted or emphasized ?
- (4) What points not mentioned in this report do you think it desirable to include within the scope of the attempt to be undertaken ?

If the answers to these questions were favourable and constructive, a bureau should be set up to make 'a review of the complaints brought by the nations against the economic commonwealth, and of the needs for the satisfaction of which outside assistance or collaboration would be more effective than national effort'. It would then draw up a programme of constructive action, and, after receiving assurances through diplomatic channels that agreement was assured, elaborate the texts necessary for the proposed Pact. Finally, a conference would be summoned to 'put the final touches to the necessary diplomatic instruments and to exchange signatures'.

Ultimately the Pact should embrace the largest possible number of states, and in any case be open to all, but it was remarked that, in confining the preliminary activities to 'the great countries which are leaders in economic activities and in the different political tendencies', the countries specifically named as falling within this category were France, the United Kingdom, the U.S.A., Germany and Italy. Whether inadvertently or not, the U.S.S.R. and Japan were omitted. There had been some suggestion in the early stages of the investigations that Monsieur Frère should include Moscow among the European capitals which he was to visit, but actually nothing of the kind was done. Soviet autarky was not in fact at this time an active disturbing influence in world economy.¹ The gold scare in April,² however, suggested that even in the short run it was unwise completely to ignore Soviet policy in an attempt at general reconstruction, and it seemed not improbable that the omission of any reference to

¹ On the 26th November, 1936, Monsieur Rosengolz, at that time Commissar for Foreign Trade, had said: 'The U.S.S.R. will be able to carry out the Third Five-Year Plan almost without imports, but the availability of advantageous credits in some countries may lead to an increase in imports in the nature of additional capital investments in Soviet economy, thus accelerating its rate of development'.

² See below, p. 127.

the U.S.S.R. was due to the refusal of certain countries to have any direct contacts with a Communist state. The omission of Japan was even more curious considering that the qualifications allowed to the general recommendations of the report to meet the competition of countries with low standards of living were obviously and directly relevant to the future of that country's industrial development. In this instance, indeed, the connexion between economic and political appeasement was much simpler and more direct than in the complex European tangle, and Japanese Press comment on the report refused to assume that the omission was merely an accident.

Mr. Neville Chamberlain told the House of Commons on the 1st February, 1938, that 'the report will be taken as being an urgent matter'. Its reception by the Governments who had in the first place commissioned its author to undertake his investigations is part of the history of 1938. For 1937, the formidable task of freeing world commerce from the shackles of nationalism and political fear was at the end of the year no less formidable than it had been at the beginning.

(g) THE OSLO CONVENTION OF JULY 1937

While the investigation into the possibilities of an economic settlement which would include countries of divergent outlooks was moving forward a little painfully, more modest discussions contemplating action in the first place on a limited front were more successful. As early as 1930, the so-called Oslo Powers, Sweden, Norway, Denmark, Holland and Belgium, joined in 1932 by Finland, had agreed not to raise duties against each other without prior consultation.¹ Owing to the onset of the depression and the divergence between the currency policies of the signatory Powers, the practical consequences of this agreement were negligible, but in January 1937 Dr. Colijn, the Dutch Prime Minister, suggested that the signatories should again meet to investigate the possibility of further freeing their trade and with the hope of extending the scope of their activities to other countries later. Trade between the members of this bloc amounted to only about one-fifth of the aggregate of their foreign trade, but it is often a mistake to estimate the value of agreements solely by reference to the existing volume of trade. There were in this case no special political difficulties directly affecting the negotiating states; as Dr. Colijn put it later, 'the small nations have the enormous advantage of having no political axes to grind. They only want to secure a little more prosperity and nothing else.' The opportunity

¹ See the *Survey for 1931*, pp. 154-5 n.

for using economic co-operation as an instrument for closer political associations between the smaller democratic states was indeed not lost sight of, though in some quarters there was a good deal of natural reserve in regard to any idea of this kind. The extent to which some of the Oslo states felt it necessary to avoid the appearance of giving offence to a powerful neighbour was also a complicating factor, German comment showing some disposition to regard the whole movement as being directed against Germany. Moreover, the divergences of policy which had arisen during the depression made any far-reaching agreement difficult. Denmark, for example, had adopted an elaborate system of exchange control, Sweden, Norway and Finland had been content with import duties, while Belgium and Holland had applied quota systems; and the exchange control in Denmark brought up again on a smaller scale and without the background of political tension much the same difficulties of credit policy as proved to be the central problem for Monsieur van Zeeland.

Despite the absence of political complications, the effort to achieve harmony in trade policy on this occasion raised all the difficulties which invariably emerge as soon as the attempt is made to convert generalities into concrete action; a detailed account of the negotiations would, at the same time, give a vivid picture of the doubts and fears which throughout the world made action in this sphere so slow and hesitating. There was, for example, some disposition to regard the protection of foodstuffs as lying outside the scope of the discussions. Such an attitude was scarcely likely to ensure Danish support, which in any event was regarded in some quarters as, at best, lukewarm. The exclusion of agricultural produce from their markets by both Norway and Sweden was one factor which had already complicated the Danish situation, and it was noticed that, even while preliminary conversations were in progress, the Norwegian Government placed an embargo on imports of pork. In Denmark it was naturally felt, as Dr. Munch, the Foreign Minister, pointed out, that freer trade in industrial products was not sufficient, and that agricultural produce must also be taken into account.

In opening the conference, which was held at The Hague on the 3rd-6th March, 1937, and was attended exclusively by experts and departmental officials, Dr. Colijn at once raised the question of the most-favoured-nation clause, which had in the past proved an effective barrier in the way of regional pacts, and he also indicated the necessity of drafting proposals which might be submitted to the larger Powers. He attempted to reassure the Danes by emphasizing the evil effects which agricultural protection, leading to glutted

markets and diminished purchasing power, had had for industrial countries who looked to 'agriculturalists as customers for their goods, and he concluded with a reference to 'the possibility of a more orderly system of exporting and marketing than at present prevails', a reference which was not encouraging for any hopes of economic appeasement on a world-wide scale, if it was to be interpreted, as one commentator suggested, as meaning 'really effective measures against the dumping of cheap produce from such countries as produce their exports with the aid of sweated labour'. A few days later the experts submitted a report outlining 'certain possibilities for the extension of international commerce which may be immediately realized in the form of a multilateral agreement or complementary bilateral arrangements'.¹

No details were disclosed at the time, but a second conference of experts was convened at Brussels on the 12th April to arrange the agenda for a more formal conference at The Hague, which drew up a convention on the 28th May to come into force on the 1st July for one year, with a possibility of further extension. Belgium, Luxembourg and Holland agreed to admit without import restrictions other than tariffs (i.e. to abolish quotas) a fairly wide range of agricultural products, raw materials and manufactured goods originating in the signatory states. It was further agreed not to increase tariff duties on the articles included in this list, and all the Governments concerned agreed not to increase tariffs or to introduce new trade restrictions of other kinds in respect of another list of articles set out for each country. The latter provision was also extended to cover the Netherlands East Indies, which had not been included in the first Oslo Convention. Quotas affecting items not specified in the list were not touched, and the provision of the original convention was repeated requiring prior consultation before the imposition of any other new trade restrictions affecting goods which did not appear in the specified lists.

The Governments further agreed to examine proposals tending to put an end to abnormal competitive practices in foreign trade, and other countries were again invited to adhere to the new agreement. Since the imposition of quotas had in effect frequently been a device for reducing the most-favoured-nation principle to a nullity, the abolition of quotas, even though the advantages which accrued were exclusively for the benefit of the signatory Powers, could scarcely be attacked as a breach of that principle, and it was indeed insisted

¹ *Communiqué* issued at the end of the conference (text in *Le Temps*, 8th March, 1937).

that the agreement did not destroy any most-favoured-nation rights. Holland in fact granted to Great Britain and Germany, without asking for special concessions in return, the same privileges, with regard to the abolition of quotas affecting 65 commodities, as were granted to the Oslo Powers, and Belgium granted similar concessions not only to Great Britain and Germany, but also to France and the United States.

At the time when the convention was signed, it was certainly not possible to regard it as a contribution of major importance to the solution of international trade problems. But even if it did nothing to lower tariffs, it at least checked further increases, and there was also reason for satisfaction in the reflection that it made a definite, if limited, attack on the quota system, which in practice was usually more cramping than an ordinary tariff. Unfortunately, however, the results of this earnest endeavour to keep alive the idea of a low tariff bloc had only a temporary significance. On the 11th May, 1938, it was announced that international developments had made it impossible to prolong the agreement after the 1st July, the date when it was due to expire. The official statement was reserved, but it seemed clear that the efforts of the Oslo Powers had been wrecked upon the steady refusal of the greater Powers to respond to the concessions made to them and to convert their professions of devotion to the cause of freer trade into a concrete policy.

(h) ANGLO-AMERICAN TRADE NEGOTIATIONS

The importance attached throughout the van Zeeland discussions to the collaboration of the United States has already been indicated. In his report Monsieur van Zeeland referred specifically to 'the effect which would be produced by the conclusion, in a spirit of international collaboration, of a commercial agreement, covering a wide range, between the two great Anglo-Saxon communities', and it was understood that throughout the year informal negotiations were going on with this object in view. The matter had been under discussion in 1936, and Anglo-American negotiations were indeed only one, though perhaps the most important, of a long series initiated by the United States Secretary of State, Mr. Cordell Hull, in virtue of the powers conferred upon the President by the Trade Agreements Act, originally passed on the 12th June, 1934, and during 1937 extended for another three years.

Mr. Cordell Hull was no sudden convert to the view that liberal trade policy was essential for the prosperity of the world, but, as time went on, he became more and more insistent in emphasizing

the urgent necessity of a relaxation of trade restrictions if the risks of war were to disappear. Confusion between the two lines of approach to 'economic appeasement' was sometimes apparent in American discussions of this subject, and at a later stage one influential American journal¹ described the projected Anglo-American agreement as 'in the nature of a reply to the alliance recently concluded between Germany, Italy and Japan'. Mr. Cordell Hull, however, made it clear at the outset that in his view economic appeasement must be all-inclusive. The 'only way to avert this impending doom' [i.e. of military explosion or economic collapse], he said on the 5th April, 1937,² 'is for the nations which to-day bend their major effort toward preparation for war to join with those other nations which are intent upon a policy of peace, in a determined and concerted effort to rebuild international political and economic relationships upon a basis of friendliness and co-operation'; and, with this conviction in mind, he had considerable success in taking at least the first steps towards diverting American trade policy from one of high protectionist isolationism to one of liberal economic internationalism.

Under the Trade Agreements Act, the President of the United States was authorized to alter tariff rates by 50 per cent. or less by reciprocal agreements without the necessity for the subsequent ratification by the Senate which was the normal constitutional treaty procedure in the United States. Reciprocity in this context was interpreted as meaning that the concessions granted by either party had to be approximately equal, and elaborate machinery was set up to ensure that, despite freedom from direct control by Congress, the Administration should not act without regard to any interests which might be affected by tariff changes.

The rate at which trade barriers were being lowered was unfortunately not to be gauged merely by noting the number of treaties which had been signed and ratified. The very ingenuity of modern methods of foreign trade control made some kind of formal agreement essential if there was to be any trade at all, however slight; the countries which imposed the most severe restrictions on external trade might at the same time have the largest number of trade agreements, and even when the avowed purpose of a treaty was to increase the volume of trade between the parties to it, the net results might be small, if

¹ *The Washington Post*, 17th November, 1937.

² The occasion was the presentation to Mr. Hull of the medal awarded by the Woodrow Wilson Foundation for his efforts 'to remove economic barriers to peace'.

nothing more was in mind than a diversion of trade from other countries.¹ Naturally the importance of the sixteen treaties with countries² accounting in the aggregate for a little more than a third of the foreign trade of the United States, which Mr. Cordell Hull had successfully negotiated by April 1937, varied widely, and the apparent reversal of traditional American trade policy, which these treaties seemed to indicate, was far from complete. Changes in the degree of specialization of tariff classification, which were sometimes made with the deliberate intention of narrowing the benefits of tariff reduction to a single country, made it difficult to attach much meaning to statements of the number of items on which duties were lowered, but according to one estimate the trade agreements affected only about one-tenth of the schedules in the Smoot-Hawley Tariff of 1930, by which, as Mr. Cordell Hull himself had said, the United States had made the largest single contribution to the movement of restriction which it was now desired to reverse. Nevertheless, although directly competitive production did not come seriously into the picture, and there was no direct assault upon powerful vested interests, in each of these treaties customs duties were in fact reduced, so that the policy represented real, if cautious, action³ of a kind which most statesmen had been praising, but failing to practise, ever since the onset of the depression. Adherence to the most-favoured-nation principle, except in relation to countries which discriminated against American commerce,⁴ prevented any formal discrimination, but in practice it also seriously restricted the scope of negotiations, since concessions were almost invariably limited to commodities of which one or other of the parties to the agreement was the principal supplier.

The sixteen Powers with whom agreements had been negotiated included neither Great Britain nor any of the great totalitarian states, Germany, Italy and Japan. Japan ranked third in order of importance among the principal markets for United States exports,

¹ e.g. one section of Australian opinion suggested that the difficulty created by the encroachment of American imports into British markets, where Dominion produce had formerly enjoyed a preference, might be surmounted if foreign imports, other than American, were still further restricted.

² Cuba, Brazil, Belgium, Haiti, Sweden, Colombia, Canada, Honduras, Netherlands, Switzerland, Nicaragua, Guatemala, France, Finland, Costa Rica, Salvador.

³ It was officially estimated that, in the first fifteen agreements, the average *ad valorem* rate of duty on manufactured products was reduced from 42.4 to 38.6 per cent., and on agricultural products from 38.5 to 36.8 per cent. See P. W. Bidwell, *Our Trade with Britain* (Council on Foreign Relations, New York, 1938), p. 37.

⁴ Germany and, for a time, Australia were held to fall within this category.

but the cautiousness with which the idea of economic appeasement was invariably applied when it came to dealing with manufacturing countries with low costs and, from the standpoint of the Western World, low living standards, was again illustrated by a clause which was inserted in some of the new trade agreements. 'The Government of each country', it was laid down, 'reserves the right to withdraw the concession on any article under this agreement, or to impose quantitative restrictions on any such article, if at any time there should be evidence that, as a result of the extension of such concession to any third country, such country will obtain the major benefit of such concession and in consequence thereof an unduly large increase in importations of such article will take place'—a proviso which was obviously designed to limit the competitive powers of countries of the type of which Japan was the most important example.

Tentative feelers in the direction of an Anglo-American trade agreement were put out early in 1937. In January Mr. Runciman, the President of the British Board of Trade, paid a visit to the United States which was officially represented to be purely private; he did not, however, neglect the opportunity thus offered for 'conversations', though on his return he cautiously informed the House of Commons that 'further exploration will be necessary before it can be determined whether there is a firm basis upon which negotiations can take place'. Further exploration accordingly there was; it was not until the 18th November that Mr. Cordell Hull was able, with a view to obtaining suggestions from interested persons, to make an official 'preliminary announcement' of his Government's intention to negotiate a reciprocal trade agreement with the United Kingdom; and the formal notification of 'intention to negotiate', which was required by the Act, was still further delayed until the 7th January, 1938, when Mr. Cordell Hull issued a list of 416 categories of products on which the United States was prepared to consider making concessions. At least eleven weeks had then to elapse to allow the procedure of appeal by interested parties to be fully applied, and 'public hearings' of the representations of interested parties began on the 14th March.

Provided that the final result was satisfactory, it was no doubt unreasonable for impatient people to complain of this leisurely method of treating urgent problems. Nevertheless the delay was likely to have an unfortunate effect upon public opinion, and if negotiations were begun only at a moment when internal conditions were favourable, and then interrupted every time the political leaders of any of the countries affected had to face an election, the effort to complete

them twelve or eighteen months later might encounter serious obstacles in consequence of unforeseen internal changes. One 'political' difficulty which readily comes to mind in this connexion was in fact formally excluded by the terms of the Trade Agreements Act, the third section of which made it clear that there was no 'authority to cancel or reduce, in any manner, any of the indebtedness of any foreign country to the United States'. On the British side, as indeed was the case in all trade negotiations undertaken by the Government of the United Kingdom, and particularly in relation to Central and Eastern Europe, crucial difficulties were created by the commitments entered into at the Ottawa Conference in 1932. The earlier agreements negotiated by Mr. Cordell Hull had conferred greater direct benefits upon United States manufacturers than upon United States farmers, and it was felt that negotiations with Great Britain could not get very far unless the British Government were prepared to contemplate a lowering of duties upon United States farm, forest and fishery products, which might conflict with Ottawa commitments. As Mr. Ernest Draper, the Assistant Secretary for Commerce, said on the 29th April, 'if Britain desired a trade agreement, it might be necessary for her to revise her preferential trade agreements with the Dominions'. If the Dominions were to allow concessions by Great Britain, they would expect some compensating benefits to be granted by the United States, so that the negotiations could not be strictly bilateral. As it happened, the original five-year term of the Ottawa Agreements expired in 1937, so that in any event the whole problem was again open for discussion.¹

The fact that the most important of the recent United States treaties was with Canada showed that Ottawa need not be a complete bar to successful negotiations, but any extensive concessions of the kind most likely to appeal to the United States might provoke opposition from the Dominions, and although trade questions were not an important item on the agenda for the Imperial Conference in May 1937, the British Government had been unwilling to push forward their investigations rapidly until they had used the opportunity which the Conference offered for sounding Dominion opinion.

In the public utterances, even of some of those who in the past had been most enthusiastic in support of a vigorous Imperial trade policy, a certain measure of disillusionment with the general philosophy which lay behind the Ottawa Agreements could be detected,

¹ A new Anglo-Canadian Trade Agreement, reducing duties upon about 40 per cent. of British exports to Canada, had been concluded in February, and negotiations with India were also proceeding.

but unfortunately action was not dependent merely on the private opinions of statesmen. In the meantime important vested interests had grown up, which it would be difficult and sometimes politically inexpedient to disturb. In Australia, for example, it was pointed out that much capital had been invested in the production of goods excluded by the trade diversion policy which had been applied against the United States in 1936—a claim which suggested a rate of adaptation to changing circumstances much more rapid than was ever admitted to be possible when the lowering of trade barriers was under discussion—and it was indicated that the effects of any concessions upon these industries would have to be taken into account. The first reactions of Dominion statesmen to the idea of freer trade were not, indeed, unfavourable. Mr. Mackenzie King's statement at the opening session of the Imperial Conference has already been quoted.¹ Mr. Lyons, the Australian Prime Minister, spoke at the same time of the 'urgent need for wide policies of economic appeasement if their endeavours to bring about peaceful conditions in the world were to be successful', a purpose for which 'the revival of world trade was of first importance'. But, as Mr. Runciman prudently reminded the House of Commons on the 25th May, 1937, an agreement must consist of details, and general approval expressed by Dominion statesmen in London of the principle of freer trade was quite compatible with a steady refusal at home to face the electoral risks associated with any given concession. The long-drawn-out story of the negotiations for an Anglo-American trade agreement cannot be fully understood unless it is remembered that a general election was to be held in Australia in October 1937. Nor was solicitude in defence of the principles of Ottawa confined to Dominion beneficiaries. The most eloquent supporters of Imperial Preference were often to be found in Great Britain, and they were vigilant in protest against any sacrifice of this policy for the sake of what was contemptuously described as 'some illusory project for the revival of economic internationalism'. In the meantime the details of the tentative United States proposals were transmitted by the British Government to the Imperial Conference delegates, with a request for information concerning the concessions which the Dominion Governments were prepared to make.

Vested interests inside the United Kingdom were also likely to put up a stout resistance to any proposal for a trade agreement which meant substantial changes in the existing 'lay-out' of productive resources. There were not only Dominion farmers, but British farmers

¹ See p. 63 above.

to consider as well. 'Of all the industries in this country of ours, I can think of none which is less in a position to offer concessions than is British agriculture', wrote Sir Henry Page Croft,¹ who was prepared to stabilize British tariffs at existing levels for twenty-five years, provided the United States reduced her tariffs to the same level. On the part of certain manufacturing interests also, the idea of negotiation with the United States was viewed with some concern. It is not always easy to be certain how far the details of the arguments adduced in such controversies are to be taken seriously, but it may be noted that considerations of defence were cited as a reason for refusing any concession to the United States automobile industry. The United States Government had consistently refused to accept the theory of 'mathematical mercantilism', which assumed that what Adam Smith had called 'the petty practice of the snivelling tradesman' of buying only from one's own customers provided a sound basis for trade negotiations. In Great Britain, however, this theory was highly respectable. It had been used by the Government as a foundation for earlier trade treaties, and was now used to show the necessity of one-sided concessions by the United States, which it would be impossible to justify according to the American definition of reciprocity. The United Kingdom normally purchased a much larger volume of goods from the United States than it was possible to sell in return, though, even from the neo-mercantilist point of view, the validity of any argument based upon that fact was destroyed when account was also taken of United States indebtedness for shipping, tourist and other services which did not appear in trade statistics, and of United States trade with the Dominions and Crown Colonies, and especially of imports of rubber and tin from Malaya. Especially as the balance of payments deteriorated during the course of the discussions, British critics, who took a serious view of such matters, were again encouraged to ask that the first steps should be taken by the United States.² As late as the 7th December the President of the National Union of Manufacturers urged the United Kingdom Government not to be in too much of a hurry, and the Federation of British Industries, pointing to the instability of the dollar, urged that no agreement should be made which did not admit of modification or even termination at short notice, 'should changing economic conditions render this necessary for the protection of British interests'.

¹ In a letter to *The Daily Telegraph*, printed in the issue of the 5th November, 1937.

² It was estimated that about 18 per cent. of all British exports to the United States (taking 1914 as a standard) had benefited, even if only slightly, from concessions made in earlier agreements (P. W. Bidwell, *op. cit.*, p. 41).

Difficulties also had to be faced on the American side, where propagandists were naturally anxious to make the most of such administrative abuses as they believed the British to be guilty of. The United States National Foreign Trade Council, for example, complained that Great Britain made arbitrary classifications for customs purposes and assessed *ad valorem* duties unfairly, in ways which any one who relied exclusively upon British comment might have supposed were practised only by non-British Governments. The value of an agreement as a contribution to 'economic appeasement' was recognized in both countries, but important sections of American opinion were sensitive to any danger, as they conceived it, of being drawn into European political rivalries, and care was necessary lest these sections should be shocked by unwarranted fears of 'entangling alliances'. Already in November a resolution was introduced into Congress aiming at the suspension of negotiations for a year. 'With the mad race in armaments and threats of war looming large,' said Senator Lodge, 'it is vital that the United States should not increase her entanglements with other nations.' To counter these fears, as well as for other reasons, the American Government, it was understood, would refuse to be satisfied with any mere 'gesture'. If there was to be an agreement, it must promise substantial economic benefits which would enable it to be defended on its own merits, irrespective of any wider political implications. In England, too, there was much the same suspicion, though for different reasons, of any attempt to justify an agreement by reference to its political consequences. Some argued that while the economic results of an Anglo-American agreement might be small, its psychological consequences nevertheless would make it important. Some manufacturers, however, objected to what they described as an attempt to sacrifice their interests to a political agreement, and Mr. Oliver Stanley, the new President of the Board of Trade, thought it necessary on the 24th January, 1938, to state that it was a trade treaty and not a political agreement which his Government were negotiating. On the other hand the fear of rising costs associated with certain New Deal measures made some American producers anxious to strengthen their tariff protection, and the State Department was in fact subjected continuously to representations from many quarters where it was feared that individual interests might be sacrificed. Evidence indeed was not lacking that the American Government were not prepared to accept all such representations at their face value. The negotiations with the United Kingdom were not the only activities of the kind during 1937. The announcement that an agreement with Czechoslovakia was under

consideration was made in May, and negotiations were also initiated with Ecuador, Venezuela and Turkey. Especially in the case of Czechoslovakia there had been sharp protests from manufacturers who found the prospect of Czech competition distasteful, and though, as usual, the outcry was not exactly proportional to the magnitude of the encroachments upon the American market which were feared, it was nevertheless a matter for congratulation that the influence of vested interests here turned out to be strictly limited.¹ A British delegation arrived in Washington at the end of February 1938, and the State Department at the same time undertook an intensive broadcasting and lecturing campaign to educate the American public on the value of the impending agreement.

(i) CONCLUSION

The final stages in the Anglo-American trade negotiations form part of the history of a later year, but the experience of 1937 suggests certain general reflections upon the fundamental character of the economic structure within which the effort to relax trade restrictions was being applied. It was natural enough that in popular discussion international trade and home trade should be regarded as more or less independent fields of activity, but in fact the connexions between the two were much closer than a superficial examination might suggest. The immediate objection raised against any proposal to increase the volume of foreign imports was the risk of unemployment for labour and capital, and the fact had to be faced that any extension of foreign trade which was worthy of serious attention would almost certainly demand some re-allocation of the available resources of production. Unless the re-allocation were carried through promptly, the risks of unemployment would be converted into unpleasant realities. The realization of the hopes for freer trade which were so widely expressed was therefore bound up in the most intimate way with the application of wise and bold internal policies of investment. Monsieur van Zeeland had insisted upon the necessity for 'the will to show enterprise, to act, to run the risks inherent in the production and exchange of goods'. The moral which he drew from this was the necessity for order in international relations, but while this was important, the necessity for a spirit of enterprise had a still wider relevance. The 'fundamental solution of the problem of production',

¹ The Czech agreement was signed on the 7th March, 1938. American criticism had been directed mainly against the provision which allowed Czech manufacturers of boots and shoes an import quota amounting to 1½ per cent. of American domestic production.

to which he referred in discussing agricultural quotas, could mean nothing but a redistribution of productive resources such as has been indicated above. Any serious curtailment of the privileges built up by agricultural protection was impossible, unless it were made easy for some of those who profited from these privileges to transfer their activities and to earn their livings in some other field. The relaxation of trade restrictions and the wise control of the internal capital market were not distinct problems. They were, in fact, identical.

Here, indeed, we are in close touch with the fundamental clash which accounts for much of the disappointment which eager supporters of the idea of 'economic appeasement' suffered during 1937, and at the same time explains some of the difficulties which beset the path of any one who attempts to tell the story in simple terms. The original idea of economic appeasement was attractive enough. If somehow everybody could be made prosperous, political tensions would be relaxed, and there would be no pent-up national feeling prone in some moment of crisis to seek an outlet in war. But as soon as the idea was discussed in concrete terms, it became clear that any effective action of the kind which was contemplated was in some countries impossible without radical changes in policies which the Governments in question regarded as beyond criticism. A little disappointed, but still undaunted, the advocates of economic appeasement then turned to the more limited objective of improving the economic position of the more or less democratic countries, in the hope of thereby strengthening such bonds as might be presumed to exist between them. Unfortunately it soon appeared that there were clashes within the democratic countries which, though they took a different form, were fundamentally of the same kind as those which checked collaboration with the totalitarian states. It was well recognized that the Dictators, while no doubt sincerely desiring the economic advancement of their people, at the same time desired other ends much more eagerly, and that the effort to attain these other ends made economic advancement almost impossible. It now appeared that the Dictators were not singular in being governed by this order of preference. In the democratic countries, too, there was the same tendency to will irreconcilable ends, and when one of several contradictory policies had to be abandoned or postponed, it was often the policy which was essential for economic appeasement which was sacrificed, though usually with polite and perhaps sincere protestations of regret. Because the reasons for such contradictions were seldom examined with much care, much of the propaganda for 'economic appeasement' tended to take on a somewhat sentimental

aspect, and the views even of people who believed themselves to be thoroughly unsentimental were also often unrealistic because they did not fully appreciate the nature of the adjustments in economic structure without which any policy of economic appeasement must fail. Proposals for a revival of international lending, for example, might be impracticable because of the divergence of political ends between borrower and lender; but, quite apart from this consideration, the idea, admirable in itself, had a romantic flavour so long as it was not realized that future payments of interest would often be quite impossible if creditor countries refused to make the adjustments in their own internal capital structure which were necessary if an adequate volume of imports from the debtors was to be maintained. Similarly the campaign for better nutrition standards which played such an important part in popular propaganda for economic appeasement was doomed to futility unless it were clearly realized that widespread increases in real income—which was what improved nutrition actually meant—were impossible without exactly those changes in the traditional ‘lay-out’ of industry in many countries which political and business leaders refused to accept. Those wider issues were, for the most part, shirked or ignored. There was, without doubt, a wide field for the action of economic appeasement, but while there was so little appreciation of the character of the fundamental economic adjustments which were necessary, the phrase was likely to remain merely a slogan, ineffective because no serious effort was made to relate it to the facts of the real world.

(ii) Currency Policy in 1937.

(a) FLEXIBLE AND FLOATING FRANCS

At the beginning of the year 1937 the question ‘Is the devaluation of their currencies by the countries of the Gold Bloc an event of first-class importance, a milestone, in the economic life of the world, or is it a mere episode of secondary interest?’¹ had still to be left open. At the end of the year one might with more confidence affirm that these alternatives did not exhaust the possibilities, and that the truth lay somewhere between the two. Even when monetary issues were not in the forefront it was always true that any action which could profitably be considered for solving the problems of world trade must inevitably be partial and provisional unless there were a simultaneous attack upon the problem of currency instability. So

¹ Sir Walter Layton, ‘The End of the Gold Bloc’, in *International Affairs*, January–February 1937, p. 23.

long as important national currencies were seriously overvalued or undervalued in relation to each other, radical action against trade barriers or the restoration of national economies upon a firm foundation was hardly possible, and the effective consolidation of the positions, the provisional occupation of which had been made possible by the Tripartite Agreement of the 26th September, 1936,¹ was delayed during 1937 by the chronic weakness of the French franc, and, especially during the first half of the year, by fears of instability in the price of gold.

The terms of the Tripartite Agreement had been carefully drafted to avoid even the faintest suggestion of rigidity, and it had indeed been emphasized at the time that each party to the agreement preserved its freedom to take whatever steps in the future its own internal interests appeared to demand. But the agreement was meaningless if flexibility in its application meant an indefinite prolongation of exchange instability, and it was natural therefore to seek the first provisional evidence of its effectiveness by asking how far stability in the relations between the currencies of its signatories was, in fact, maintained during 1937. This is shown in the following table:

London Rates of Exchange²

1937	<i>Paris</i> <i>Fr. to £</i>	<i>New York</i> <i>\$ to £</i>
1st January	105 $\frac{3}{8}$	4·90 $\frac{1}{2}$
23rd April	111	4·93
2nd July	128 $\frac{1}{2}$	4·94
22nd July	133	4·98 $\frac{1}{8}$
17th September	146	4·95 $\frac{1}{8}$
6th October	150	4·95 $\frac{1}{8}$
21st October	146 $\frac{1}{8}$	4·95 $\frac{1}{8}$
30th December	147 $\frac{3}{16}$	4·99 $\frac{1}{2}$
1938		
12th May	177 $\frac{9}{16}$	4·97 $\frac{1}{8}$

The outstanding fact in the history of foreign exchange during the year 1937 was the further substantial depreciation of the French franc in clearly defined stages in April, July and October—a depreciation which was followed by another significant decline in May 1938. Apart from these movements and a decline in the values of some South American currencies, exchange movements throughout the world showed a remarkable stability. Measured in terms of sterling, the values of the currencies of the other countries adhering to the Tripartite Agreement—i.e. Switzerland, Holland and Belgium—

¹ See the *Survey for 1936*, pp. 175–8.

² Lowest figures quoted by *The Economist*.

moved throughout 1937 along lines roughly parallel to the movements of the dollar, while the fluctuations in the sterling-dollar rate were not much in excess of the movements characteristic of the old gold standard, being indeed one-third less than the fluctuations of 1936, the year of smallest range since the depreciation of the pound in 1931.

The maintenance of exchange stability for the franc depended, in the first instance, on the ability of the French Government to maintain equilibrium between expenditure and revenue without resort to borrowing of a kind which would be interpreted as threatening inflation, and this in turn was in part dependent on the maintenance of a relationship between prices in France and prices in other countries which reflected as accurately as possible the exchange rate which the authorities were endeavouring to maintain. The realization of these conditions was unfortunately a matter of considerable difficulty. To determine the precise relationship at which it is proper to aim between that part of government expenditure which is covered by taxation or other sources of revenue, and that part which may be borrowed, is always a task of some delicacy; but since 1931 French Governments had found it impossible to solve the problem in a way which was entirely satisfactory to those from whom the money to cover a budgetary deficit had to be borrowed. This budgetary problem itself helped to create, and was in its turn intensified by, the problem of the flight of French capital abroad, which became the constant preoccupation of the French monetary authorities. This movement was continually recurring, and, even when for a time it died down, the repatriation of refugee funds was relatively slow, and an abnormal proportion of the liquid resources of Frenchmen continued to find a resting-place in foreign countries. The flight of capital, in itself due to fears of inflation, tended, in consequence of the abnormal demand for foreign currencies which it generated, to render inevitable the decline in the value of the franc from which protection was being sought, and the risks of inflation of bank credit were still further increased when the French Treasury, which felt itself under the necessity of repeatedly borrowing large sums, found that the flight of savings made it difficult to satisfy its borrowing needs by normal methods. Any attempt to interpret the French situation exclusively in terms of such export of capital, without troubling further about its fundamental causes, must be superficial, but the fears from which sprang the desire to seek security abroad were genuine enough. Whether or not they were justified by a rational interpretation of the probable course of events,

in times of crisis they were liable to become a separate and independent cause of instability—a cause, moreover, which, it was often suggested, was sometimes used for political ends. Ardent supporters of the Popular Front suspected that people who were ineradicably hostile to Governments of the political colour which was dominant at this time in France sometimes watched the financial difficulties with which they were struggling with a certain measure of complacency, or were at least not disposed themselves to initiate or support remedial measures the success of which would increase the prestige of their political enemies. In the strict sense of the term the policy of the Popular Front Government was indeed not so much a policy of Socialism as one based on the idea of an expansion of purchasing power,¹ an idea, however, which seemed scarcely less threatening in the eyes of many of its opponents than a full-blooded Socialist programme would have been.

Despite the favourable experience of other countries, it was perhaps unfortunate that in September 1936 only the limits within which the gold content of the franc was to be allowed to fluctuate were fixed, the precise determination of the point within these limits at which the franc was ultimately to be valued being postponed to a later date. The limits were fixed at 43 and 49 milligrams, nine-tenths fine, corresponding to exchange rates of 98 frs. and 112.50 frs. to the £, at the price of gold then ruling in London. The rate was pegged at £1 = 105.15 frs., and though at that figure the franc was, in September 1936, no longer seriously out of alignment with other currencies,² the knowledge that further depreciation might occur without any new legislative authority was an encouragement to speculative bear activity. While there was a fairly rapid revival of economic activity—the index of unemployment (corrected for seasonal variations) falling by 17 per cent. between October 1936 and April 1937 and the volume of industrial production rising during the same period by 13 per cent.—refugee money did not return home on the scale which the French authorities desired. Until the reversal of policy of the 5th March, 1937,³ such repatriation was discouraged by the attempt, following the precedent set by President Roosevelt, to confiscate by penal taxation any profits which would otherwise have accrued from the disposal of hoarded gold at the new and higher price which corresponded to the new external valuation of the franc. French prices, moreover, were moving upwards rather rapidly, the wholesale index-number rising by 13 per cent. between October

¹ See the *Survey for 1936*, p. 163.

² See *op. cit.*, p. 199.

³ See *op. cit.*, p. 195.

1936 and January 1937, as contrasted with a rise of 5 per cent. in the U.S. Bureau of Labour wholesale price index-number, and of less than 1 per cent. in the index-number of the British Board of Trade. There was therefore some likelihood that the franc was over-valued in the early months of 1937, and that the maintenance of equilibrium would be difficult unless prices elsewhere continued, as many people hoped, to move upwards, or unless the French trend were slowed down.

An obvious way of escape, which had already been adopted in other countries, from the embarrassments created by a flight of capital was by means of control of dealings in foreign exchange. Even where formal exchange control was not imposed, unofficial embargoes of various kinds had been more or less effective in checking movements of capital, which, from the national point of view, were regarded as undesirable. Before the breakdown of the Gold Bloc there were, for example, certain unofficial restrictions upon speculative transactions in forward exchange, restrictions which, in the case of France, had been removed in December 1936. It was natural in the circumstances of 1937 that a recourse to exchange control in France should have been discussed on many occasions. Even if the immediate objective were nothing but control of speculative capital movements, the machinery which such control necessitated offered, especially to those who were disposed to push forward with industrial reconstruction upon a Socialist foundation, a convenient starting-point for more ambitious efforts which might ultimately change the character of the whole economy. But while the experience of other countries showed that exchange control could easily be used as a lever for administering a 'planned' economy, it also suggested that the purposes for which such control was likely to be pursued might not be at all of the kind of which Socialists would approve. The task of lowering trade barriers, which French statesmen, like the statesmen of other countries, declared to be urgent, would be rendered even more difficult by any addition to the list of countries where foreign exchange transactions were not free, and it was doubtful whether an effective scheme of exchange control could have been made to work within the French institutional framework. The very fact that exchange control was a normal weapon of autarky was the most important reason why it was opposed by those who still yearned for a return to something resembling 'liberal' economic policy. Monsieur Blum pointed out, indeed,¹ that, when the bog of autarky was raised, it was forgotten that for a long time already France had been

¹ 21st February, 1937.

living in a state of quasi-autarky; but governmental policy, as Monsieur Auriol had declared in January,¹ was equally opposed to exchange control, which would mean the rupture of the Tripartite Agreement, and to a new devaluation, which was described as 'a crime against the country'. British influence, it was understood, was strongly opposed both to exchange control and to further depreciation, and indeed the one solid benefit which at the end of the year might reasonably have been credited to the formal maintenance of the Tripartite Agreement was the fact that the world had been preserved from the repercussions of exchange control in France.

The programme of social legislation for which the Popular Front Government was responsible, including a forty-hour week and holidays with pay,² continued to be a matter of international importance, as many critics, and especially those who disliked the legislation, were disposed to explain the French exchange and financial difficulties largely in terms of its effects upon costs of production. It was indeed not always certain whether the price increases accurately reflected the increase in costs; to some extent it was fear of the future rather than the actual situation at the moment which weighed heavily upon the mind of the French *entrepreneur*. As Monsieur Blum himself put it, the new monetary alignment made it extremely difficult to calculate and verify the incidence of simultaneous social and monetary changes upon costs, and the producer, with his impatient appetite for profit and inability to make exact calculations, had a natural tendency to make these repercussions enter too generously into the cost prices which he communicated to the official commissions. In any event the thesis that increased social charges justified a correspondingly higher price level implied a degree of stability for the incomes of *entrepreneurs* which those who were the most eager supporters of the new legislation were naturally reluctant to admit. The relevance of lower customs duties to the problem of rising prices has already been mentioned.³ Any attempt to place the entire responsibility for the troubles of the Treasury upon the new social reforms overlooked the fact that similar troubles had existed before there was any serious thought of such reforms. At worst, the reforms could be regarded as secondary or complicating factors in the situation. The attitude of *entrepreneurs* towards both the new cost situation and the industrial unrest, which further complicated political controversy, could not, however, be ignored, or its effects avoided by pretending that it did not exist. Monsieur Blum's

¹ See *L'Europe Nouvelle*, 6th February, 1937, p. 132.

² See the *Survey for 1936*, pp. 163-74.

³ See above, p. 59.

declaration of the necessity for a 'pause', 'a phase of prudent consolidation', has already been quoted in the *Survey for 1936*.¹ He had energetically disclaimed the intention of abandoning any of the territory which the Popular Front Government had won, but declared that, before new burdens could be imposed on either the private economy or the public finances, a period of respite was necessary, until conditions were again favourable for further advance in carrying out the programme of the Popular Front. The provisions of the Forty-Hour Week Law, which had been passed in June 1936, were applied more and more systematically during the early months of 1937, until in the June of that year there were few factory workers whose normal working week had not been reduced. But the extension of the field to which the law was applied was accompanied by some relaxation of its rigour, with a view to increasing the volume of production and diminishing the necessity for imports, which were thought to weigh heavily upon the balance of payments.

After the successful flotation, on the 12th March, 1937, of the first instalment of the national defence loan of 8,000,000,000 francs,² French funds amounting, it was estimated, to 5,000,000,000 francs began slowly to move back to Paris, but owners of capital were still disturbed by the wide gap between government revenue and government expenditure; the social unrest and political strife engendered during the period before devaluation had left far-reaching effects which were not quickly or easily remedied, while the budgetary difficulties which appeared to threaten inflation were intensified by the necessity for further increases in military expenditure.³ Confidence in the stability of the franc did not return, and by the end of May the sterling-franc rate had fallen nearly to the lowest level permitted by existing legislation.

During June the position did not improve. Although proposals were put forward for increasing taxation, both direct and indirect, as well as for increases in postal and railway rates and in charges for gas and electricity, there were still grave doubts about the budgetary position. It was understood that Monsieur Auriol had admitted that the Treasury had only 2,000,000,000 frs. in hand for current expendi-

¹ See pp. 194-5.

² See the *Survey for 1936*, pp. 195-7.

³ It was estimated a little later that the French rate of borrowing for rearmament was, in 1937, practically the same as the British (see *The Economist*, 31st July, 1937, p. 251). It was pointed out, however, that of the 36,000,000,000 frs. which Monsieur Vincent Auriol had announced as the loan requirements for 1937, extraordinary military credits accounted for only 10,000,000,000. (Frédéric Jenny, in *Lloyds Bank Monthly Review*, April 1937, pp. 182-3.)

ture. On the 14th June Monsieur Rist and Monsieur Baudoin, two members of the committee appointed in March to manage the Exchange Equalization Fund,¹ resigned, and on the same day the discount rate of the Banque de France was raised to 6 per cent. On the following day Monsieur Blum asked Parliament for power to issue decrees to safeguard the currency, exchange and savings until the end of July. The Emergency Powers Bill was accepted by the Chamber of Deputies on the 16th June by 346 votes to 247, with a provision for the maintenance of the franc at the level indicated by the law of the 1st October, 1936, and after assurances had been given that any increase in the cost of living caused by new taxation would be balanced by corresponding increases in wage-rates. The Senate, however, refused to accept the Bill.

Monsieur Blum resigned on the 22nd June, and was succeeded by Monsieur Chautemps, who, however, included Monsieur Blum among the members of the new Ministry. The important Ministry of Finance was allotted to Monsieur Bonnet, who at the moment was on his way home from the French Embassy in Washington, and who was understood to have 'orthodox' views on finance. By this time the resources, in gold and foreign currencies, of the Exchange Equalization Fund were almost exhausted, and on the 29th June dealings in French francs were suspended in both Paris and London. The following day a one-clause Bill was passed, granting to the new Government the powers which had been refused to its predecessor, and permitting it to rule by decree until the end of August, provided that exchange-control was not instituted and that there were no compulsory loans or forced conversion of *rentes*; it was also decided to abrogate the law which fixed the limits within which the gold content of the franc might move. In his first speech to the Chamber Monsieur Bonnet announced that during June 7,700,000,000 gold francs had left the country, and the gold reserve, which at the beginning of 1936 had been 125,000,000 ounces, had by the 1st July, 1937, fallen to 69,284,000 ounces. When the markets reopened, the new 'floating franc' was quoted at 119 frs. to the £, falling later to 129 frs. Sir John Simon announced to the House of Commons that the French Government had informed him that 'it was not their object to seek any exchange advantage from this adjustment, and that they were anxious to continue close co-operation with the Governments of the United States and the United Kingdom'. 'Now that the French Ministry of Finance has been given the powers which it sought to meet the present situation,' wrote Mr. Morgenthau to

¹ See the *Survey for 1936*, pp. 195-6.

Monsieur Bonnet on the 1st July, 'I look forward to a continuation of close co-operation between our Treasuries under the Tripartite Declaration.' Sir John Simon wrote in similar terms, and the British and American authorities agreed to assist the French authorities in preventing any chaotic demoralization of the exchanges.

The gold reserves of the Banque de France were revalued on the basis of a 43 milligram gold franc, thus raising its total nominal gold stocks from 48,900,000,000 frs. to 55,600,000,000 frs., and the resulting profit was allocated to a fund for the support of *rentes*, with a view to debt conversion at a later date. The new basis, however, gave a gold value to the franc considerably higher than was justified by the current rate in the exchange market, so that there was the prospect of still further profit when, or if, more stable conditions made it possible to determine more precisely the 'natural level' of the exchange rate. The essential character of the French problem remained, however, for the most part unchanged. It was still a question, on the one hand, of collecting taxes in sufficient volume to reduce the budgetary deficit to proportions which would not arouse fears of a further decline in the value of the currency, and, on the other, of inducing the French capitalist to repatriate the funds which his fears had induced him to send abroad. The new Government proposed new taxes¹ and drastic reductions in expenditure, but the French economy was afflicted by the failure of production to get back to the levels which had once been regarded as normal, and there was also a slight increase of unemployment. French *rentiers* viewed Messieurs Chautemps and Bonnet with a more kindly eye than they had viewed Messieurs Blum and Vincent Auriol, but the new Government made no drastic modifications in the social reforms to which all Popular Front Governments were committed, whatever the shade of colour which might happen to be predominant at the moment, and there was still hesitation about the resumption of ordinary industrial investment and the return of short-term funds from abroad. Investigations were begun with a view to encouraging an increase in production by the offer of cheaper credit facilities and the extension of factory plant, or by making new modifications in the application of the Forty-Hour Week Law, but though Monsieur Bonnet's financial reforms made creditable progress,² the measures which were taken apparently failed to effect the

¹ Tariff rates were brought back to the level of September 1936 from which they had been lowered after the signature of the Tripartite Agreement.

² The bank rate, which had been reduced to 5 per cent. on the 6th July, was again reduced to 4 per cent. on the 3rd August, and to 3½ per cent. on the 2nd September.

necessary radical reconstruction. In September the franc fell again until on the 16th the pound was quoted at 147 frs., at which rate the French and the Belgian francs were almost identical in value; and towards the end of the month, at the request of the Banque de France, the Paris banks suspended dealings in forward francs. The franc was now worth little more than half the value at which it had been intended to stabilize it at the time of the Tripartite Agreement twelve months before. In terms of gold pounds it had depreciated to a level almost the same as that of the record low figure of June 1926. Despite these changes, Monsieur Bonnet insisted again, in a broadcast address on the 20th September, upon the determination of the French Government to remain true to the principles of the Tripartite Agreement and, what was perhaps more important in view of the continuance of pressure for control of the external operations of banks, he repeated the assurance that no form of exchange control was in contemplation. Such control, Monsieur Bonnet had pointed out earlier,¹ would necessitate a modification of the whole of French external policy, which was based on financial and economic agreements with the two great democracies, the English and the American.

In the circumstances of the time, the degree of satisfaction with which the formal survival of the Tripartite Agreement after its first year of troubled life could be greeted was naturally not very high. No doubt it still had the 'symbolical significance' attributed to it by the Governor of the National Bank of Belgium,² and without the agreement there would have been no van Zeeland mission and no Anglo-American trade negotiations. But at the end of the year the declared intention of the signatories to the agreement to regard it as a prelude to similar co-operative activity in diminishing the barriers to international trade³ was still unrealized, and, with one important currency still 'floating' within unspecified limits, the success of the agreement, even within the narrower field of currency, was clearly severely limited. It was true that, for the time being, there was no serious risk of competitive exchange depreciation, with the chaotic and mutually destructive effects which this had sometimes threatened in the past. A depreciation of the franc, which to some degree was a reflection of rising internal costs, conferred no substantial competitive advantage on French exporters, and the assurances

¹ On the 7th August (see *L'Europe Nouvelle*, 25th September, 1937).

² *Annual Report*, presented to a general meeting of stockholders on the 22nd February, 1937.

³ See the *Survey for 1936*, pp. 199-204.

of the French Government in this regard were accepted elsewhere. Nevertheless, the instability of the franc was such as to impose a severe handicap on any serious efforts to push forward with the task, which in any case was difficult enough, of achieving the more remote objectives originally attributed to the Tripartite Agreement.

Moreover, while the recurrent French *crise de confiance* created a constant problem for French Ministers of Finance, it also had repercussions, scarcely less disturbing though of a different kind, in other countries which were made the temporary depositaries of French savings. The exchange fluctuations which were recorded during this period were, indeed, kept within a narrower range than had been characteristic of the more difficult post-war days before the technique of Exchange Equalization Funds had been developed, but the relatively orderly movements which were now occurring in the value of the French franc were themselves dependent upon the willingness of Exchange Equalization Funds elsewhere to co-operate in checking any runaway movement. Such co-operation was no doubt in the interest of all the parties concerned, but it helped to make the money markets of other countries highly susceptible to the infection of 'hot money', which became more and more a preoccupation of all who were concerned with the direction of currency and credit policy. Towards the end of July, for example, the flow of French funds into Swiss banks, which apparently had been checked during the early part of the year, was resumed on a large scale. It was estimated later¹ that some 15 per cent. of the deposits of the big Swiss banks were of foreign origin, and the risks involved in holding such large deposits which might be suddenly and unexpectedly withdrawn were thought to be so great that the Swiss National Bank took steps to discourage any further accumulation of Swiss francs by foreigners. In October it was decided no longer to buy gold bullion or foreign gold coin from sellers other than Central Banks and official exchange funds, and in the following month a 'gentleman's agreement' was announced whereby all the Swiss banks undertook to insist that all foreign-owned sight deposits, apart from those required for ordinary business purposes, should be quickly converted into deposits subject to at least three months' notice of withdrawal, and that new deposits should not be accepted at less than three months' notice. Subject to the same exception, interest was to be paid only on deposits subject to at least nine months' notice, and deposits subject to six months' notice or less were to be charged a commission of 1 per cent. per

¹ See the *Annual Report of the Bank for International Settlements, 1937-1938*, p. 65.

annum. Even on these terms, it was reported, foreign deposits were being refused.¹

France, of course, was not the only source from which the embarrassments of 'hot money' emanated, and, though Dutch banks also ceased to pay interest on foreign deposits, the Central Banks in other countries, impressed by the advantage which the maintenance of a 'free' money market might be expected to bring when conditions became more normal, were unwilling, at least for the time being, to imitate the drastic action which the Swiss National Bank thought it proper to take. Nevertheless, the problem was a grave one, and the outflow of money from France was a significant factor in generating those scares about fluctuations in the price of gold which had such a disturbing influence on orderly economic development on more than one occasion during the year.²

Monsieur Bonnet declared that, as a result of his financial reforms, he was in a position to forecast a surplus on the ordinary Budget for 1938 of 1,600,000,000 frs., which was to be applied to rearmament and to increasing the salaries of the civil servants; and though the extraordinary Budget for armaments and public works still necessitated extensive borrowing, the prospect of which for a time drove the sterling-franc rate a little lower to 150 frs., a situation in which such anticipations were justified offered some hope of eventual currency stability. At the Congress of Radical Socialists in Lille at the end of October, Monsieur Bonnet was able to report the return of many milliards of repatriated capital during his term of office. Investors were, however, still hesitant about the risks involved in the financing of new enterprises; the improvement recorded in the volume of production was somewhat disappointing,³ and though some of the work of the Commission of Enquiry on Production was discussed by the Cabinet at the beginning of October, its deliberations were leisurely and its first report was not published until the 16th December. It recorded the fact that while in Great Britain and Germany production had surpassed the 1929 level by 25 and 20 per cent. respectively, in France it was still 20 per cent. below that record; and, while rejecting any suggestion that French industry in general was working with defective equipment, it recommended the speeding-up of replacements in certain important industries, the

¹ See the *Midland Bank Monthly Review*, December 1937-January 1938; *The Economist*, 27th November, 1937, p. 424.

² See below, pp. 127, 130 *seqq.*

³ The index of industrial production (1928 = 100) for November 1937 stood at 90, as compared with 87 in May 1936 and 88 in October 1936. (See *L'Activité Économique*, January 1938, p. 307.)

organization of better facilities for medium-term credits for industrialists and exporters, and some modifications in the application of the forty-hour week principle. Some of the difficulties of production, it is interesting to note, were the result of a shortage of skilled labour, which the reduction of working hours made specially acute, but which was itself in part due to the failure to keep up the normal flow of apprentices during the preceding period of depression. The more austere critics of Monsieur Bonnet reproached him for the alleged optimism of his estimates of revenue and expenditure. The estimated surplus left out of account a deficit of 2,300,000,000 frs. in the Pension Fund, while a further 2,500,000,000 frs. of normal military expenses had also been transferred to the extraordinary Budget, and it was indeed clear that taxation receipts would be inadequate unless there was a marked acceleration in business activity and in production. To some extent the stability of the franc in the later months of the year was not so much a testimony to the soundness of the French economy as to the disturbances in the United States which made New York at this time a less attractive haven for refugee funds.¹ In the meantime, as rising prices tended to cancel out the advantages of higher money wages, there was further pressure for new wage concessions, which threatened to increase the difficulties of the Treasury. The *rentier* influence, which had for so long been predominant in France, was losing some of its old power, and the clash with the interests of the industrial worker created problems for which it was difficult to find a permanent solution. The embarrassments which might have arisen over the repayment of the London loan of January 1937 to the French railways² were, however, avoided by the negotiation of a Swiss credit of Sw. frs. 200,000,000, and a Dutch credit for a maximum sum of Fl. 1,150,000,000, which were again guaranteed against any future depreciation of the French franc, and during the last two months of the year the sterling-franc exchange rate remained stable at about 147 frs. With a period of depression threatening in other countries, however, the prospects for the maintenance of French economic activity diminished; already by the end of January 1938 elements of exchange weakness were disclosed which led to a new devaluation in May and the emergence of a new franc with characteristics different from those of any of its predecessors.

The detailed examination of these later events falls outside the limits of our present story. Like much of the economic history of this period, the story of French financial history during 1937 is

¹ See below, p. 141.

² See the *Survey for 1936*, p. 194.

largely a record of unfulfilled intentions. Its outstanding events—and the political events with which financial history was throughout closely associated—offer many instructive lessons to students of either political science or economic theory. To the student of international relations the story offers another illustration of the intricacies of the relations between the economic development of different parts of the world. The light which it might throw upon the problem of maintaining stability in a world where national states and social and political groups within national states insisted upon pursuing divergent objectives was still at the end of the year a matter for dispute. French observers naturally had their attention steadily fixed upon the problem of the flight of capital, but experience made it clear that this problem was not to be solved by any mere technical device, however ingenious. The fundamental issue again was the issue of investment policy inside France, and the interesting question for the rest of the world was whether the French economy could adjust itself to the programme of Popular Front Governments, directed towards the achievement of 'social' ends, which was still, despite the 'pause', an important element in French economic life, without creating disturbances which would destroy the hopes of re-establishing normal relations with the rest of the world. Competent French critics were inclined to agree that the importance attached to the social reforms by opponents of the Government was, at least, exaggerated,¹ and that a chronic condition of financial malaise could not be fully explained in terms of a complication which had arisen only during the latter part of the period during which the disease had been running its course. But whether or not in the last resort it was possible to adapt the French economy to the reforms which had been imposed upon it, there were certain to be considerable difficulties during a period of transition long enough to have important and lasting repercussions elsewhere.

To many observers it appeared that more gradual changes would have been preferable, or changes deferred until a more convenient season, but the essence of the trouble, in so far as it was intensified by social reforms, was that the persons affected by them, for either good or evil, were not mechanical automata, but live human beings, whose opinions and prejudices, whether rational or not, were important facts in the situation. Given these live human beings, it was scarcely possible that the changes should be slow, or deferred until the dawn of a 'normal' era; the urgency with which the reforms

¹ Cf. Charles Rist, 'The Financial Situation in France', in *Foreign Affairs: An American Quarterly Review*, July 1938.

were now being pressed was in part a consequence of the fact that when conditions had been more stable in the past there had been little evidence of any eagerness to institute reforms, many of which were in themselves proper and rational, but which, when pushed to extremes in a period of general instability, helped to intensify the very state of tension in which reformers felt that further delay was not to be seriously considered. The experience of other countries had indeed shown a capacity for adaptation to social reforms which far exceeded the anticipations of frightened *entrepreneurs* at the moment when the French reforms were first introduced. There were those, both in France and elsewhere, who believed that the attempt to develop a new type of social structure in France was doomed to failure unless France was prepared to move further in the direction of autarky, with a more or less 'closed' economy on the model which was becoming fashionable in other parts of Europe. The duration of the experience on which this conclusion was founded seemed, at the end of 1937, to be too short to warrant any hasty decision at that moment. As in the parallel case of trade policy, it was still an open question whether difficulties were caused rather by changes in the objectives of national economies than by the refusal of national economies to pursue identical ends. 'Adherence to a common currency system does not mean', said the President of the Bank for International Settlements,¹ 'that individual countries will no longer be able to pursue internal policies of many different patterns.' It seemed likely that the events of 1938 would make it easier to determine how far this view was correct.

(b) A QUASI-GOLD STANDARD

At the conclusion of the General War of 1914-18 the necessity for reorganizing national currency systems, after the violent breach of continuity with the past which war finance had imposed, seemed to many to offer an admirable opportunity for the evolution of an economic system freed from the influence of gold, and therefore no longer 'at the mercy of a lucky prospector, a new chemical process, or a change of ideas in Asia'.² There was accordingly a series of brisk attacks upon the gold standard, and lively discussion of alternative models to replace the old system. If a vote had been taken among those who felt obliged to express their opinions about the merits and demerits of the gold standard, it is possible that its friends would

¹ *Annual Report for 1937-8*, p. 115.

² J. M. Keynes, *Indian Currency and Finance* (London, Macmillan, 1913), p. 101.

have been in a minority. The course of events was not, however, determined by these expressions of opinion, and the practical effect of the attacks was at the time almost negligible. With some modifications, which were important but did not affect the essentials of the system, the gold standard was duly restored in Great Britain in 1925; other countries followed the British example, and the subject of the proper status for gold in a more rational world for a time had little more than academic interest.

Even those who, sometimes without appreciating fully the significance of the criticisms which they rejected, had never wavered in their devotion to the gold standard, could not, however, be entirely satisfied with the results which followed its restoration. These unfortunate consequences led in September 1931 to its suspension by Great Britain, which was a further serious blow to the prestige of the gold standard.¹ Fundamental questions of monetary theory and practice were again open for debate. In 1921 Lenin had declared that he looked forward to the day when 'we shall use gold for the purpose of building public lavatories in the streets of several of the large cities of the world', and many others, though for different reasons, welcomed the new opportunity which the events of the depression appeared to offer for freeing the world from the shackles imposed by 'the relic of barbarism' which they believed the gold standard to be. The advantages which might be gained from the adoption of avowedly national monetary policies were widely canvassed, and official expressions of intentions to return to the gold standard were often qualified by conditions which suggested that the date at which these intentions would become effective was in a future so remote as to have little practical significance.²

Experience of the effects of monetary 'freedom' brought with it, however, certain disillusionments which had a sobering effect upon simple-minded enthusiasms, and, while the prestige of the old gold standard was still somewhat tarnished, the new systems, which were intended to replace the old, failed to command the unquestioning, if sometimes unintelligent, respect which had been accorded to the pre-war gold standard. The advantages which were anticipated from freely moving exchange rates were found to depend to a degree which was not at first fully understood upon the willingness of other countries to refrain from playing a similar game, and when the number of Governments who made experiments in this field increased, many of the advantages cancelled out, while currency depreciation stimulated a

¹ See the *Survey for 1931*, Part I, section 2 (ii) (a).

² See the *Survey for 1933*, p. 62; the *Survey for 1936*, pp. 177-8.

rich crop of retaliatory trade restrictions.¹ Even when the maintenance of independent national currencies was, for the time being, consistent with *de facto* exchange stability, the feeling of uncertainty about the future, which independence inevitably generated, postponed a return to genuinely 'normal' conditions, and, in particular, played an important part in perpetuating the problem of 'hot money'.²

The fundamental influences which checked the relegation of gold to the position which it would occupy if it were completely demonetized, so that its value depended exclusively upon ordinary commercial demand in relation to supply, were, in fact, more complex than appeared at first sight. Quite apart from the value of an international monetary standard as an instrument for the effective organization of international trade and international capital movements, the sudden disappearance of a substantial part of the demand for gold would have caused dislocations much more serious than those which would follow similar disturbances on the demand side of the market for any ordinary staple commodity. Every country where gold production was an important field for investment and employment had a strong interest in resisting any further deterioration in the reputation of gold, and indeed the paradoxical situation arose that the abandonment of the gold standard itself increased the immediate importance of gold production for the economic life of these countries. There was a higher nominal price for gold in every country which allowed its currency to depreciate; and, with doubtful prospects in nearly every other market, countries with gold supplies still awaiting exploitation naturally felt that gold mining offered the best opportunity for relief from the rigours of the depression. Such countries, indeed, were in some danger of regarding the monetary system as existing for the benefit of the gold industry, instead of regarding the cost of the gold industry to the rest of the world as being justified by the contribution which gold was able to make to the maintenance of a rational monetary system. But, despite such extravagances, their interests could not be completely ignored. Nor was it merely conservatism which made many bankers reluctant to join in the campaign of criticism to which gold was subjected by monetary reformers. It was one thing to expatiate upon the unreasonable credit restrictions which unintelligent adherence to the mechanical principles of the gold standard sometimes imposed; it was quite another thing to contemplate the drastic revolutions in bank balance sheets and

¹ See the *Survey for 1932*, pp. 13-14.

² See the *Survey for 1934*, pp. 93-4.

normal banking practice which were inevitable if, as a result of the dethronement of gold from its privileged position, a substantial part of banking reserves had to be written down to a small fraction of their previous value. If an entirely new system of monetary and banking institutions could have been built up, starting *de novo* without any reference to the past, it might have been possible, and even rational, to treat gold as if it differed in no significant respect from other metals; in fact, however, the past could not be ignored, and even those who had no inclination to pay any superstitious regard to gold might well feel that the adaptations demanded if traditional attitudes towards gold were to be abandoned altogether would be so violent that a more moderate course which did not involve too sharp discontinuities in practice was to be preferred.

Whatever the long range prospects of the gold standard might be, it was at first sight a little surprising to discover that, within a few months of the disruption of the Gold Bloc, and at a time when almost every Government in the world was still refusing to destroy, or, in some cases, even to limit, its discretion to take independent action affecting monetary policy, rumours of threatened instability in the price of gold created expectations of world-wide depression and for a time dominated the field of international economic relations.¹ The anticipation of a violent decline in the price of wheat or of rubber owing to some unexpected disappearance of part of the demand for these things would, no doubt, have caused disturbances extending far beyond the markets first affected, but it could not reasonably have been regarded as a threat to the stability of the whole world economy. The fact that a fall in the price of gold was so regarded suggested that the freedom which, it was alleged, had been won from the restraints of gold, and which, according to the individual point of view, was hailed with either relief or regret, was very far from being complete. The practices whereby gold had been integrated into the economic life of the world had been drastically revised, but habits of thought had been profoundly influenced by the links which had developed between gold and economic activity in general, and, even after vigorous attempts had been made to destroy the old gold standard, it was found that some of its essential features retained much of their strength.

The price of gold in the London market on the last day of 1936 was 141s. 7d. per fine ounce, and though there was a slight irregular upward trend during the first three months of 1937, the fluctuations in the price of gold were little more than those recorded at the time

¹ Cf. the *Survey for 1936*, pp. 205-6.

when the gold standard was administered in its most rigorous form. Under gold standard conditions the price of gold was determined by the regulations prescribing the conditions under which Central Banks or other appropriate authorities were required to purchase gold, and even when gold standard conditions were formally in suspense, such regulations were still the dominating factor. On the 31st January, 1934, the United States Government had fixed the price at which the Treasury was prepared to buy gold at \$35 per ounce,¹ and, so long as this determination was maintained, the price of gold in other markets was dependent upon the relationship between the American gold price and the exchange value of other currencies expressed in terms of dollars. Gold movements which involved fluctuations from time to time in the demand for different currencies were, of course, among the influences on which fluctuations in the exchange values of these currencies depended, but broadly speaking it was true to say that the price of gold at this time was ultimately dependent on the willingness of the United States Treasury to purchase unlimited quantities of gold at the price prescribed in the President's proclamation. If this willingness were, for any reason, to disappear, and if no other authority were prepared to undertake a similar obligation—i.e. in effect, to re-establish the *de facto* gold standard which hitherto had been maintained by the United States—there was no obvious reason why the price of gold should not fluctuate in exactly the same way as did the prices of other commodities.

It appeared, however, that such fluctuations were regarded as highly undesirable, even in quarters which were still strongly opposed to submission to the discipline which was necessary for a reliable and efficient international monetary system. On the 7th April, 1937, there were strong rumours that, with a view to discouraging gold imports, the United States Treasury was planning to use the powers which it possessed to reduce the price of gold by administrative decree or to increase the handling charge of $\frac{1}{4}$ per cent., and that in consequence American banks had cabled to their London agents refusing to accept further gold consignments on American Treasury Account, and also refusing additional advances against gold in transit. It was not quite clear where the rumours had originated, though they had no doubt been encouraged by news of heavy gold shipments from the U.S.S.R., but while they were promptly denied, even rumours were enough seriously to disturb exchange, commodity and security markets in London and New York, and indeed throughout the world.

During the early months of 1937 increasing attention had been

¹ See the *Survey for 1933*, p. 90.

devoted in many countries to the question whether the risks of a boom were sufficiently serious to demand conscious and deliberate restraint. In Great Britain the bank rate had been held at 2 per cent. since June 1932, and long-continued cheap money carried with it, according to some critics, the danger of inflation. Mr. Neville Chamberlain told the House of Commons on the 25th February that 'it is a work of pure imagination to suggest that any inflation is likely to occur', but the decision which he had already announced to borrow for defence purposes £400,000,000 over a five-year period was not entirely reassuring from this point of view; and in Sweden, whose currency was tied to sterling, there were persistent reports of an intention to lower the sterling rate of exchange in order to protect the Swedish economy from the effects of rising prices. The Swedish Government announced that for the moment no change in the sterling rate was intended, but the idea remained a subject for discussion, and there was even a suggestion that Sweden might take the first step in lowering the price of gold, and thereby open the way for similar action in the United States. President Roosevelt's warnings on the 9th March and 2nd April of the dangers associated with a too rapid upward movement of prices have been quoted in the *Survey for 1936*;¹ they had already left the markets in a state of nervous weakness, which provided fertile soil for the repercussions of the gold scare. The sharp fall in gold-mining shares, which at once occurred, was scarcely surprising, but there was also a general break in prices in the commodity markets, which indicated a widespread feeling that the price of gold was still an important factor in determining the general level of prices. President Roosevelt at once disclaimed any knowledge, beyond what he had seen in the newspapers, of an intention to lower the price of gold; a few days later, on the 12th April, Mr. Morgenthau, the Secretary to the Treasury, formally denied on behalf of the Government any intention to change either fiscal or monetary policy. 'We have nothing in mind', he declared, 'about changing the price of gold', and Mr. Neville Chamberlain gave the House of Commons on the 13th April a similar assurance that there had been no change in the British Government's policy. In Great Britain, indeed, the whole scare was declared to be an absurdity; it was pointed out that, if other monetary authorities maintained their buying prices for gold, a reduction in the American price would by itself be ineffective to stem the tide of gold imports. Within less than a fortnight the scare was declared to be at an end, and optimists congratulated themselves upon the salutary effects

¹ pp. 206-7.

which it had had in compelling the liquidation of unsound speculative positions.

Discussion of the problem did not, however, abate, and the pronouncements of persons who were believed to have a special interest in gold, or a special authority in determining policy, were scrutinized with anxious attention. The cautious references to a reduction in the price of gold in the Annual Report¹ for 1936-7 of the President of the Bank of International Settlements, Dr. L. J. A. Trip, especially attracted notice.

It can hardly be doubted [he declared] that a lowering of the price of gold would help to cope with the serious problems resulting from the over-abundant production. It would, however, cause certain difficulties with regard to valuation of existing gold reserves and the relative position of currencies (the latter, in so far as equilibrium has already been attained, should be disturbed as little as possible). It would, moreover, involve the danger of manipulation of currencies in the future, which would add an element of instability and distrust to the monetary structure.

Despite the reversal of the upward movement of prices which made itself felt in the second quarter of the year, fears that inflation would be difficult to control had not been entirely allayed, and in May Dr. Wigforss, the Swedish Minister for Finance, declared that, if the rise in prices was too sharp, it would be necessary to relegate the stability of the Krona-sterling exchange rate to the second place, allowing the value of the Krona to rise, and also to impose restrictive measures on the money market. Both measures, he added, were in themselves most undesirable, and should be resorted to only for very weighty reasons. On second thoughts, he apparently found it expedient to calm unwarranted fears by explaining a little later that there was no reason to suppose that a change in monetary policy would be necessary within a reasonable future.² One obvious method of liquidating embarrassing sterling balances was by an increase in imports from Great Britain, but it was noted, with some anxiety, that the rearmament and building booms in that country made it difficult to obtain delivery of machinery and equipment without irritating delays³ and sharp price rises. In Holland, too, there was some concern about the continuance of the influx of gold, and the Netherlands Equalization Fund on several occasions made a slight

¹ Published on the 3rd May, 1937, but no doubt written before the April scare.

² See the *Quarterly Report of Skandinaviska Kreditaktiebolaget*, July 1937, p. 51.

³ See *The Economist*, 10th July, 1937, p. 84.

reduction in its price for dollars—a policy which indeed had the effect of encouraging Dutch holders to bring their dollars or gold home at once, in the belief that the guilder might later be revalued with a higher gold content.

At the beginning of June the gold scare revived in a more intense form, owing in part on this occasion to a report that the U.S.S.R.'s gold production for 1936, and therefore her capacity for export during 1937, was likely to turn out greater by more than 3,000,000 ounces than the hitherto accepted estimate. Mr. Morgenthau's assurance on the 1st June that 'no imminent change in policy' was contemplated did not at once check the desire of hoarders to dispose of their gold before the threatened fall in its price; the amount of gold offered for sale rapidly increased, and on the 4th June the amount dealt in at the daily 'fixing' in London reached the record figure of £4,225,000. It was believed that during the course of the scare nearly three-quarters of the foreign gold hoarded in London had been sold to 'the authorities'.¹ In repeating Mr. Morgenthau's assurances on the 4th June President Roosevelt omitted the threatening adjective 'imminent', and on the 8th June Sir John Simon told the House of Commons that

British monetary policy remains as laid down in my predecessor's statement to the World Economic Conference in 1933, the declaration by the delegates of the British Commonwealth to the same Conference and in the Tripartite Declaration of September last.

Future questions, he added, would have to be considered when they arose. Of even greater psychological importance was the announcement on the 28th June of a decision to increase the resources of the British Exchange Equalization Fund from £375,000,000 to £575,000,000. While large-scale capital movements to London were taking place, Sir John Simon declared, the Exchange Equalization Account must be prepared to add to its holdings of gold. He pointed out that many of the countries in the sterling bloc kept large holdings of sterling in London as part of their reserves, and, in view of that fact, the Treasury did not consider the present gold holdings excessive. It would be quite impracticable, he added, both to avoid any addition to the gold holdings and at the same time avoid wide fluctuations of exchange rates; the line of policy which was being pursued was 'in accordance with the line of policy of the United States'. This was taken as an official indication of willingness to absorb further quantities of gold at the current price, and the scare died away.

¹ *The Times*, 8th June, 1937.

This was not the first occasion on which gold holders had shown alarm at the prospect of unfavourable movements in the price of gold. The scare of 1937 was, however, more spectacular than its predecessors, and the events of these months had considerable importance in directing attention in the most pointed fashion to the artificial nature of the conditions which determined the price of gold, and the relationship of this price to general economic conditions. Whatever may have been the intentions of the American authorities either in April or in June, the world was confronted with a fundamental problem for which there was, as yet, no agreed solution. The power of the President to lower the price of gold without further legislative authority was in fact strictly limited. At the price of \$35 per fine ounce, the gold content of the dollar was 59·06 per cent. of the pre-1933 dollar, and, as the limits within which the law allowed it to move were 50 and 60 per cent., Presidential discretion alone could not carry the price lower than \$34·45. The condition of banking reserves in the United States, moreover, was such that there was no evident reason why a small reduction in the price of gold should inevitably lead to credit contraction and depression. As a well-known international banker put it,¹ if an agreed reduction in the price of gold were to be announced by all the important countries concerned, and if at the same time there were to be a further announcement that the Governments in question had determined to let this change have no influence on their monetary policy and that they had every reason to suppose that their gold supplies, present and future, were, and would be, ample for all possible credit requirements, then there would be no reason why, apart from the reactions upon the mining industry, a reduction in the price of gold should involve a severe fall in prices in general. It appeared probable, however, that a reduction in the price of gold would, in fact, be regarded as a deflationary move, and as this was clearly a case where the business world could make its own bad dreams come true, the state of opinion was as much a real fact in the situation as anything of a more clearly objective character.

Though market reactions were largely 'psychological', the state of nervousness which prevailed indicated some realization of the fact that the absorption of increased gold supplies in general, and of increased gold imports into the United States in particular, was one of the major unsolved problems of economic adjustment during this period. At the dollar valuation of 1937 the United States imports of gold amounted to \$1,217,000,000 in 1934, \$1,739,000,000 in 1935

¹ The Hon. R. H. Brand, in *The Times*, 18th June, 1937.

and \$1,030,000,000 in 1936. There had been a time when the United States Government had been reproached on the ground that they were directly responsible, through their combination of high tariffs with insistence on the payment of War Debts, for the so-called maldistribution of gold which many people professed to regard as a major factor in world currency instability. Whether these reproaches had at any time been justified or not, it was certainly no longer reasonable to make them in 1937. In 1935 and 1936 the net inflow of long-term capital, for the most part attributable to foreign purchases of American securities and the repatriation of American capital invested abroad, was estimated at \$1,235,000,000, and that of short-term funds at \$1,479,000,000—the total corresponding almost exactly to the net purchases of gold during the same period. To some extent the influx of foreign funds was a reflection of the favourable balances of payments of the Latin-American countries, but the effects of the change in outlook of individuals and institutions in Europe who wished to replace hoarded gold by dollars were much more extensive. The gold was paid for by the Treasury in credits which had the effect of building up private bank reserves, whose surplus above the legal reserve requirements rose from \$815,000,000 at the end of 1933 to \$3,167,000,000 in August 1936. In order to check inconvenient inflationary effects the original reserve percentages were at that time increased by one half, a change which had the effect of reducing excess reserves to \$1,810,000,000. With the continuance in the influx of gold, however, excess reserves continued to rise, and in December 1936 action was taken to prevent future imports from affecting bank reserves, the Treasury buying for itself all the incoming gold and borrowing the money to pay for it. Apart from differences in detail, this technique for 'sterilizing' an inconvenient gold inflow closely resembled that of the British Exchange Equalization Fund. The new policy, however, merely transferred the problem of gold inflow from the Reserve Banks to the Treasury without altering its fundamental nature. By the 28th January, 1937, excess reserves totalled \$2,150,000,000, and it was then decided to make a further increase in the reserve percentages to figures ranging from 26 per cent. for demand deposits for banks in New York City and Chicago to 6 per cent. for time deposits. This change, which, it was estimated, would absorb about \$1,500,000,000 of excess reserves, leaving approximately \$500,000,000—an amount which, in the opinion of the Board of Governors of the Federal Reserve System, was 'ample to finance further recovery and to maintain easy money conditions'—was to be carried out in two steps on the 1st March and the 1st May, and

exhausted the legal powers of the Federal Reserve Board to raise reserve requirements.

The presence within the American banking structure of such an immense volume of funds whose future movements it was quite impossible to predict, greatly increased the difficulties of maintaining stability at a time when there was already some anxiety over the possibility of avoiding boom conditions. Mr. Wallace, the Secretary for Agriculture, remarked in February 1937 that

After a time the people of the United States will find it necessary to think through to the realities of exporting indefinitely the labour and national resources of the continent in exchange for nothing more usable than shining metal. Some day it will be asked what it all means in the long run for the standard of living of the American people.¹

This comment indicated some confusion of mind concerning the connexion between movements of gold and movements of capital, but it suggested at the same time the kind of question which an intelligent observer, faced with an abnormal and artificial situation, would sooner or later put. In the long run, no doubt, an inflow of capital should be reflected in a corresponding inflow of goods, but the nature of the capital inflow, liable as it was to be suddenly reversed, was such that it would have been extremely risky to encourage any such reaction. It was understood that the President was discussing with his expert advisers the possibility of devising measures which would render Wall Street a less attractive haven for refugee foreign capital, and there was some hope of stemming the tide by informal action on the British side, which would discourage insurance companies and investment trusts from further purchases of American securities. The problem of checking the movement of 'hot money' without resort to full-blooded exchange control was, however, essentially as difficult for Washington as it was for Paris, and in the meantime the influx of gold showed little sign even of slowing down. For the first quarter of 1937 net imports of gold were \$339,000,000, and net inflow of capital \$323,000,000, while for the second quarter the corresponding figures were \$651,000,000 and \$631,000,000 respectively,² and at the same time the indebtedness of the United States Treasury was, of course, steadily increasing.

Behind these movements, which immediately and directly affected the United States, there were, however, the more fundamental facts of gold supply.³ The annual world output of the gold mines had steadily increased since 1926, at first slowly but after 1931 with a

¹ Cited in *The Economist*, 20th February, 1937, pp. 408-9.

² *Annual Report of the Bank for International Settlements, 1937-8*, p. 50.

³ Cf. the *Survey for 1931*, pp. 188-93.

marked acceleration, at a rate far greater than was necessary to provide the conventional annual addition to stocks of 3 per cent. which, at one time, was regarded as adequate for the maintenance of monetary stability. The output for 1915, which hitherto had been the record year, was passed in 1932 (24,306,000 fine ounces), and by 1936 the total production for the year had reached 33,156,000 ounces. The departure from the gold standard had greatly increased the profitability of gold mining everywhere, and as costs of production lagged far behind the rapid upward movement of the nominal sale price of gold, there was a powerful incentive to exploit low-grade ore, to experiment with further improvements in the technique of production and to prospect new gold-fields. As compared with 1926 the output in Canada had, ten years later, more than doubled, and mining activity in the United States itself had been stimulated to an almost equal degree. In the U.S.S.R. the rate of expansion was even more rapid, and although the authorities there did not publish statistics of the same degree of accuracy as were available elsewhere it was understood that output had increased nearly sixfold during the same period. By 1934 the U.S.S.R. had become the second most important gold-producing country in the world, and there was reason to believe that gold-mining activity there was little affected by ordinary cost considerations. There were also substantial increases of output in Australia and other countries, where, indeed, the revival of an industry which had threatened to become derelict played an important part in the process of recovery from the depression.

The simple question then naturally presented itself, what was to be done with all this new gold? Most of the old supplementary sources of demand had almost completely disappeared, and the only important purchasers were a limited number of Central Banks, Exchange Equalization Funds and similar institutions. The demand for industrial purposes, which had previously absorbed as much as 20 per cent. of annual production, had now fallen to 5 per cent. of current output; and, although the dishoarding of gold in India and China was by this time of little importance, it was estimated that the supplies still coming forward from that quarter were, by themselves, sufficient to cover industrial demand. Under conventional gold standard conditions, expanding gold supplies would have been expected to reflect themselves in easier credit and rising prices. Cheap money was the declared policy of most countries at this time, and efforts to check rising prices were not everywhere hailed with enthusiasm by the business community; but the abandonment of old-fashioned ideas about the relationship between bank loans and saving

was not so complete as to make it a matter of course that increases in gold supply should be held to justify an exactly proportional expansion of credit which would be far in excess of anything associated with increases of similar magnitude in the supply of other important commodities. Some authorities were still dissatisfied with the recorded recovery of prices, and urged that there should be a further gradual upward movement, and some old-fashioned supporters of the gold standard disliked the new technique of sterilization, which they regarded as a rash innovation.¹ But while it was true that the fundamental reason for the widespread reluctance to enter into the commitments which the restoration of an effective world currency system would have necessitated was the unwillingness of Governments to bind themselves to refrain from expansive action, such as might seem to be imposed by increasing expenditure on armaments or by the effort to seek protection against a threatening depression, there were few who even in their most expansive mood desired to carry expansion so far as might be justified by a technical gold situation interpreted according to the conventional canons of the gold standard. Central Banks, which were pursuing a policy of cheap money, were, in fact, at the same time restricting credit in reference to the gold reserves which were being accumulated. If the new supplies of gold were therefore not to be made the basis for further expansion of credit, three other courses of action were open. The large scale purchase and sterilization of gold could be continued. Action of this kind was, indeed, not quite such a violent breach of tradition as was sometimes suggested. The response of credit authorities to movements in the supply of gold had never been entirely automatic and, long before the depression, it had been suggested that the long-term fluctuations in the value of money, which were associated with variations in the output of the gold mines, might be at least damped down by joint action on the part of banking authorities, who would relax or stiffen their reserve requirements in the light of changes in the gold supply situation. Such action was not inconsistent with the maintenance of the advantages attributed to the gold standard. Inevitably it required some sacrifice of immediate profit on the part of the co-operating banks, but the burden would not be intolerable if it were widely shared. In 1937, however, the burden was borne almost exclusively by two or three countries. In these circumstances sterilization threatened financial and budgetary complications, and the attempt to distribute its costs more equitably was likely to cause controversy and ill feeling.

¹ See an article by Frédéric Jenny in *Le Temps*, 17th May, 1937.

The second alternative was to control the output of gold along lines already made familiar by price-stabilization schemes affecting other staple commodities. Or, thirdly, the price of gold could be allowed to move in the same way as the price of any other commodity whose supply was rapidly increased in face of a stable, or even of a shrinking, demand—a process which naturally caused profound alarm in gold-producing countries. In South Africa, the most important source of supply, advantage had, indeed, been taken of the high price paid for gold in order to concentrate for the time being on the exploitation of lower-grade ore; the average number of pennyweights of gold per ton of ore crushed was steadily falling year by year, and the full development of the most productive mines was left until a later period when conditions might be less favourable. In consequence, the output from South Africa had varied little, but this stability was comparatively unimportant in face of the rapid expansion of mining elsewhere; the process of smoothing out fluctuations in supply in this way indeed made it all the more probable that the problem of abundant gold production would not disappear for many years.

In fact during the early months of 1937 shipments of gold into the United States exceeded current production, and though the burden of the cost of sterilizing gold was also shared by Central Banks and Exchange Equalization Funds in a few other countries, the problem presented itself in its most acute form in the United States, where the 'inactive' gold account of the Treasury was steadily increasing and showed by June a total of \$1,087,000,000 (out of a total gold stock of \$12,318,000,000). The gold reserve of the Bank of England had also increased by £114,000,000 (or 56 per cent.) during 1936, and that of the Swiss National Bank by 1,320,000,000 francs, and while the accumulations of the Netherlands Bank during 1936 were more modest, its gold reserve increased by 526,000,000 florins, or 73 per cent., during the first six months of 1937. The British Exchange Equalization Fund on the 31st March, 1937, held 26,700,000 fine ounces of gold (or £187,000,000, valued at the current market price of gold). In December 1936, £65,000,000 of gold had been transferred from the Fund to the Bank of England, any inflationary effects being countered by a similar reduction in the fiduciary note issue. The transfer had shown that the Fund was at that time nearing the limit of its capacity to absorb gold, and the increase in its resources which was made later, to facilitate further gold purchases, has already been mentioned.¹ Just as, by May 1937, the entire bank-note issue

¹ See above, p. 130.

of the Netherlands Bank was covered by a 100 per cent. gold reserve, so, if gold output continued to increase at the same rate as in 1936, one might speculate upon the complete disappearance of the Bank of England fiduciary issue.

The activities of private hoarders also played an important part. It had been estimated in September 1936 that European hoards amounted to \$1,500,000,000 or \$2,000,000,000, of which perhaps two-thirds was in the London market and held by nationals of countries other than Great Britain, and the varying states of mind of nervous hoarders had much to do with the fluctuations and alarms of 1937. Towards the end of 1936 there had been some dishoarding, and this was indeed precisely the effect both intended and anticipated from the relative degree of stability assured by the Tripartite Agreement, which created a feeling of security in regard to currency relationships and the prospects of investment. Rumours of an impending reduction in the price of gold produced dishoarding of quite a different kind, the proceeds of the sale of gold being, not invested, but held idle on deposit with the banks. In Great Britain and the United States the authorities had long ago taken powers to check hoarding by nationals by conferring upon the Central Bank the power to purchase compulsorily any private holdings in excess of a specified limit, but these powers could not be used against foreign holders, and any attempt at a world-wide prohibition of private holdings would have unmistakably reduced gold to the status of a mystic symbol.

The problem of gold supply had, indeed, completely changed its form during the depression as compared with the period before 1931. At that time there had been widespread, if sometimes exaggerated, fears of a shortage of gold which would impose upon the world the depressing effects of a steadily downward price-trend, inadequately offset by improvements in the technique of production. Under the influence of these fears the pressure on the demand for gold was relaxed by the withdrawal of gold coin from circulation almost everywhere, and by efforts, more or less successful, to popularize the gold exchange standard, which meant the partial replacement of gold by foreign currencies in Central Bank reserves. The fears of 1937 were of precisely the opposite kind. Instead of a dearth of gold, the world was facing the prospect of a glut, and, though it was perhaps true, as some authorities pointed out, that current gold supplies would not be excessive in a world in which there had been a return to the trading and investment habits of the past, it did not seem a very profitable course to determine gold policy in the present

on the basis of a hypothetical situation which might, or might not, be realized in a remote future.

A variety of plans was accordingly discussed for solving the new problem. The Bank for International Settlements, it was suggested, might fulfil the purpose, attributed to it in the Young Plan, of 'providing additional facilities for the international movement of funds and affording a ready instrument for promoting international financial relations' by building up a world gold reserve to be held apart from the current movements of Central Bank policy, but available as a weapon against a recurrence of depression.¹ Schemes for controlling the output of the mines, which in the years immediately following the war had been set aside as academic, were again seriously discussed.² The maintenance, over long periods, of schemes for ensuring price-stability had always, in the case of other staple commodities, tended to break down in the absence of parallel schemes for the control of output, and there appeared to be no obvious reason why gold should be an exception to this general rule. The number of important gold-producing countries had, however, increased with a corresponding increase in the difficulty of formulating any international plan which was likely to find general acceptance, and as the prestige of gold depended largely upon the willingness of the world at large to attribute to it certain mystic qualities which perhaps in fact it did not possess, there was also some reluctance to run the risk of destroying the illusion by meting out to gold the same treatment as was thought appropriate for rubber or tin or Antarctic whales.

If, however, it was inexpedient to attempt any control of the supply of gold, that seemed all the more reason for stimulating an increase in the demand for it. Instead of the possession of gold being regarded as anti-social, if not a positive crime, there was talk of a resumption of the use of gold coins, whereby, as Ricardo had put it more than a century before, 'to indulge a mere caprice, a most expensive medium would be substituted for one of little value'. The adoption of gold by China as part of its monetary reserve was noted with satisfaction, and some even hoped that the irrational hoarding habits of the people of the East had not been entirely broken, but merely interrupted. Again, odd as this might seem to a simple-minded observer, leading supporters of the principle of a managed currency put the accumulation of large gold reserves by the Bank of England in the forefront of an argument designed to show the superiority

¹ See *The New York Times*, 8th August, 1937.

² e.g. in the Annual Report of the Netherlands Bank for the year ending the 31st March, 1937.

of a managed currency over the old gold standard.¹ To countries like Australia, moreover, which were profiting from the revival of gold-mining but which held small gold reserves, there were strong hints that it was unreasonable to expect other countries to bear the whole burden of sterilizing gold while they enjoyed all the benefits, and that the time had therefore come when they should begin again to accumulate gold supplies on something like the old scale.² There was a strong feeling in the United States that American gold policy had been an important factor in maintaining prosperity in South Africa, and indeed in Great Britain as well, and that these benefits should not be ignored in discussing the terms of a trade agreement. Instead of gold being regarded as a somewhat disreputable survival from a less enlightened age, it was subjected to a process of 'rebunking', and there were hasty attempts to refurbish its tarnished reputation and make it appear again a suitable object towards which respectable Governments everywhere might direct their expenditure.

It was against this background that, despite all the energetic protests of those who regarded with alarm any suggestion of the cessation, however remote, of the policy of 'cheap money', the question of varying the market price of gold inevitably obtruded itself upon public attention during 1937. The spectre which haunted the dreams of gold-producers was indeed not so much independent action in Washington as world-wide action on the part of all the important gold-buying authorities. If the United States had lowered its price for gold, despite the opposition of Great Britain and France, such a decision must have meant the torpedoing of the Tripartite Agreement, and while gold producers might still have found in other countries a market for their wares at the old price, the world would then have had to face the consequent dislocation of exchange rates and the disruption of the trade relationships which had been painfully approaching a new 'normal' level—a consequence which by itself was no doubt enough to rule out altogether the possibility of independent American action. If, on the other hand, gold-producers wanted a guaranteed price for gold, that was, in effect, equivalent to a demand for a formal recognition of the fact that, despite all efforts to maintain independent national monetary policies, an international gold standard was actually still in existence. It was believed, indeed, that the South African Government would have preferred

¹ Cf. the Rt. Hon. R. McKenna in the *Midland Bank Monthly Review*, January–February 1938.

² Cf. an article by the Hon. R. G. Casey, M.P., Treasurer of the Commonwealth of Australia, in *The Sydney Morning Herald*, 10th August, 1937.

a formal *de jure* stabilization at something like the current valuation of gold. For the moment, other Governments were not prepared to go so far, partly no doubt for the reason that the recurrence of gold scares was by itself sufficient to raise doubts whether the current valuation was the most convenient. The administration of even an informal gold standard, however, at a time when gold supplies were still rapidly expanding, inevitably presented grave difficulties which it was not possible to remove merely by stabilizing the price of gold. Although the estimate for production in the U.S.S.R. in 1937 was a little lower than in 1936, output in all other gold-producing countries continued to increase during the year, the aggregate of 34,831,000 fine ounces being 5 per cent. higher than the record of 1936. The net increase in the reported gold reserves of banks of issue and Governments (excluding the reserves of the U.S.S.R. and Spain) was considerably in excess of this figure, and there was no prospect of any change in this situation in the immediate future.

After the scare of June 1937 had died down the inflow of gold into the United States slackened a little, but the net imports for the third quarter of the year (\$339,000,000) were still high; while during the half-year ending the 30th September, 1937, the holdings of the British Exchange Equalization Fund increased by 13,180,000 ounces or about £92,000,000. The 'inactive' fund of the United States Treasury reached the maximum level of \$1,400,000,000 in the second week of September. The fund had, for the first time, recorded a decline on the 22nd July, following upon an agreement with the Chinese Government for an exchange of American gold for Chinese silver. In terms of another agreement with Brazil, a further \$60,000,000 of sterilized gold was also made available for export, and when, early in August, the Federal Reserve Board, estimating that gold hoards in London had fallen below \$500,000,000, intimated that privately hoarded gold no longer constituted a serious threat to the maintenance of a stable price, the impression was confirmed that, at least for the time being, the burden of absorbing the output of the gold-mines was not to be regarded as insupportable. The excess of gold imports over gold exports in August was due, indeed, in the main, to the building up of dollar reserves by foreign Central Banks, and in particular by the Bank of Japan. The Japanese Government had introduced measures for state control of the gold-mining industry and compulsory purchase of gold by the Bank of Japan, and the total net inflow of gold from Japan into the United States from March until the end of the year was estimated at \$247,000,000.

The problem of controlling the movements of 'hot money' had,

however, continued to hold the attention of President Roosevelt's expert advisers. Mr. Eccles, the Chairman of the Board of Governors of the Federal Reserve System, put forward in July a plan for increasing taxation on investments belonging to non-resident aliens, and towards the end of September Mr. Morgenthau in Washington discussed with Sir Frederic Phillips, an Under-Secretary to the British Treasury, the possibility of elaborating a reciprocal tax agreement on lines parallel with the Tripartite Agreement. By this time, however, apprehensions that rising prices would generate a dangerous boom had begun to be replaced by fears of an impending slump, and on the 13th September, with a view to building up banking reserves, \$340,000,000 was released from the 'inactive' fund. If the price of gold had been cut earlier in the year, it had been confidently predicted that depression would follow. Now, without any movement in the price of gold, depression was already beginning to make itself felt. In August Federal Reserve Bank discount rates had been reduced from 2 to $1\frac{1}{2}$ per cent. in seven Federal Reserve Districts, and in New York from $1\frac{1}{2}$ to 1 per cent. In November there was another 'scare' of exactly the opposite kind to that which had aroused so much alarm in June, with fears of further devaluation of the dollar and a rush on the part of hoarders to replace dollar holdings by gold, which now seemed to them to offer better security. The price of gold in London, which for some time had been down to the equivalent of \$34.70 per fine ounce, a figure at which gold exports to the United States were on the margin of profitability, was now pushed well above \$35. Sovereigns were purchased at a premium of 4 per cent. above their bullion value, and it was estimated that nearly half of the gold which had been dishoarded in London in the spring returned to private hoards. Some of the gold needed on the market was supplied from the accumulated holdings of the British Exchange Equalization Account, and during October the inflow into the United States slackened. There was a net export of gold from the United States in November and December, and for the fourth quarter of the year as a whole—a period during which there was a net outflow of capital from the United States of \$502,000,000—net gold imports amounted to only \$1,000,000.

The problem of stemming the movement towards a new depression remained acute. On the 14th February, 1938, it was announced that, for the present, additions to the gold stock up to \$100,000,000 in any one quarter of the year would not be placed in the 'inactive' gold account, and in his message to Congress on the 14th April, 1938, President Roosevelt announced 'the de-sterilization of approximately

one billion four hundred million dollars of Treasury gold, accompanied by action on the part of the Federal Reserve Board to reduce reserve requirements by about three-quarters of a billion dollars'. The gold previously held in the 'inactive' account was transferred to the Federal Reserve banks, and minimum reserve requirements were reduced to the level which had been enforced on the 1st March, 1937. By these means the excess reserves of all member banks were at once raised to about \$2,500,000,000. The President warned Congress that 'by themselves monetary measures are insufficient to start us on a sustained upward movement', but monetary measures were apparently to be allowed to have the fullest opportunity to show what they could do.

The 'inverted dollar scare' of November 1937 was an eloquent testimony to the profound respect which gold still aroused in many parts of the world, but it did nothing to alter the fundamental characteristics of the gold situation. The questions which have been indicated above were still, at the end of 1937, matters for debate, but the events of the year had shown that the future course of international economic relations was closely bound up with the development of gold supply and with the reactions to it of Governments and of central bankers. The gold question was not something which could be left to look after itself. Deliberate decisions had to be made from time to time, and in making them a high degree of co-operation among the most important authorities concerned was an essential condition for ultimate success.

In certain respects, indeed, co-operation was imposed by the mere mechanics of monetary policy. The operations of Exchange Equalization Funds were often upon such a scale that some measure of harmony between the policies of national currency controllers was inevitable, even if there had been no formal agreement. Unfortunately, however, concentration upon the technical problems of exchange stability made it easy to forget the importance of still more fundamental and wider issues which also were still left undetermined at the end of 1937. The American authorities had been concerned at the influx of 'hot money' from abroad; merely to impede its entry, however, and thereby to increase the embarrassments of the British or the Swiss authorities, would leave untouched the fundamental problem—the problem of reducing the temperature of 'hot money' to a normal level. In the same way, merely to check the outflow of capital from France would not have ensured any permanent stability for the French economy, if the funds whose outward movement was prevented were not invested in France in the appro-

priate way. Embargoes, whether official or unofficial, upon foreign investment were, strictly speaking, irrelevant to the real problem. In nearly every country abnormally easy conditions in the short-term money market were combined with a failure to maintain any normal programme of long-term investment, and this chronic maladjustment in the capital market was a constant drag upon economic development in general. International co-operation, as was almost universally recognized, was an essential condition for permanent economic recovery. Even in Germany, who appeared intent on moving along her own appointed path with little regard to the repercussions of her actions elsewhere, Dr. Schacht insisted that 'a healthy exchange of goods and services in the world is not possible without both stability in the external value of the more important currencies, and a settled international currency order'.¹ But effective co-operation was itself dependent on the willingness of each country to adopt, on its own account, measures which would ensure the maximum degree of internal stability. 'A fundamental condition for monetary order is that within each individual country the domestic monetary managements should inspire confidence',² and this in turn depended in large measure upon internal policies of capital investment. The essential problem which could not be disguised by any technical ingenuity arose from the fact that the world was not making proper use of its savings.

The unfortunate fact was that, despite all the discussions of monetary policy after the War, there was still no general agreement as to the ends towards which it should be directed, or which it could in fact attain. The general public had become increasingly 'cycle-conscious', but at the same time it had been so profoundly imbued with faith in the virtues of cheap money and credit expansion—a faith which Governments dominated by the desire to borrow cheaply were not slow to encourage—that it was a matter of the utmost difficulty to reconcile action which would be effective in controlling general business fluctuations with action dictated by the desire to keep interest rates low at all costs. In August 1937³ President Roosevelt had reaffirmed his faith in 'the kind of dollar which a generation hence will have the same purchasing and debt-paying power as the value of the dollar which, in the near future, we hope to obtain'; more cautiously the Board of Governors of the Federal Reserve

¹ See the *Zeitschrift der Akademie für Deutsches Recht*, January 1938.

² *Eighth Annual Report of the Bank for International Settlements, 1937-8*, p. 114.

³ In a letter to Senator Thomas on the subject of the Thomas Bill to establish a 'commodity dollar' (see *The Times*, 4th August, 1937).

System, insisting that stability of prices was to be regarded 'merely as a means towards a more important end, the lessening of booms and depressions and increase in the national output and well-being', came to the conclusion that 'price stability should not be the sole or principal objective of monetary policy'.¹

Pre-depression history had shown indeed that the absence of rising prices was no guarantee against depression, while the President's reference to 'the near future' showed that he, like many of those who combined a general approval of price stability with a strong feeling that some upward movement should precede the establishment of stability, was in 1937 as reluctant as ever to admit that the upward movement of prices had yet gone far enough. The Governors of the Federal Reserve System maintained that 'economic stability rather than price stability should be the general objective of public policy', and in many other countries too the idea of stability played an active part in discussions of governmental and banking activity. The precise interpretation to be given to this emotionally satisfying word was, however, far from clear, and vague and half-contradictory thinking on this subject had much to do with the prolonged delay in re-establishing an efficient international monetary system.

¹ *Federal Reserve Bulletin*, September 1937, pp. 827-8.

PART III

THE FAR EAST

By G. E. Hubbard

(i) Introduction

IN 1937 the fire which had been smouldering in the Far East since the outbreak of Japanese aggression in Manchuria in 1931-2 burst again into flame; and, as a result of a fresh Japanese military offensive on a very much larger scale, the most densely populated and highly developed tracts of Intra-Mural China now became the arena of a warfare which, measured by any standard—the number of the combatants, the area fought over, or the sum total of evil inflicted and suffered—surpassed in scale any which the world had seen since the General War of 1914-18.

As recorded in the last few volumes of the *Survey*, a Japanese expansionist movement into continental Asia, which had been gathering speed since the usurpation of political power at Tokyo after 1931 by the military faction, had recently given rise to a division of Japanese opinion over policy.¹ This division produced a considerable

¹ This may be regarded as the latest phase of a movement which began as early as the fifth century, when the Japanese Emperors, before they had brought the whole of Japan itself under their sway, began to extend their authority over the various kingdoms into which Korea was then divided. In the seventh century Japanese political influence in Korea was obliterated by the powerful Chinese Tang dynasty, but the tradition of continental expansion remained to influence the policy of future rulers of Japan, and it was greatly strengthened by the victories of Hideyoshi in Korea towards the end of the sixteenth century—barren though these proved to be.

A Japanese writer, Mr. Yoshi S. Kuno, the author of *Japanese Expansion on the Asiatic Continent* (Volume i, University of California Press, 1937), has traced this movement throughout Japanese history, and, from the asylum of an American University, ventured to give a picture of Japanese ambitions and conduct which must have been unpalatable in the extreme to the self-styled 'patriots' among his countrymen. In the preface to the first volume of his work Mr. Kuno described Japan's aggression on the Continent—in terms which might be interpreted either as an indictment or as an apologia, according to the ethical standpoint of the reader—almost as though this were a manifestation of some impersonal and unmoral natural force:

The concomitance of a Chinese empire existing more or less feebly, a Russia expanding eastward, and a Japan carrying on a continental expansion was bound to bring about a conflict. It came to a head in the Russo-Japanese War. The end of this conflict is not yet in sight. The advance of Russia on the continent of Asia is a movement of recent centuries, but Japan's desire to expand on the continent has been manifested again and again for more than a thousand years.

tension in Japanese domestic politics; yet the issue at stake was not one of ends but merely one of means. Almost all politically minded Japanese appear at this time to have been of one mind in being set upon bringing China into Japan's power and making Chinese resources serve Japanese purposes; but while one section of Japanese opinion now favoured the use of military force to reduce China to a state of vassalage, the other still aimed at bringing China to an equal degree of submission by means of 'moral suasion' reinforced by intimidation.

The collapse of the Sino-Japanese negotiations at the end of 1936¹ had brought Japan within sight of the limits of what she could hope to obtain by the second method. She now had the choice of radically revising her demands or else embarking on a large-scale war of conquest. Unless she was prepared to take what she wanted by force, she was faced with the prospect of having to relinquish the idea of political domination over China, and even having—in face of the rapid development of a Chinese national consciousness—to relax the hold which she had already established over the northern and north-eastern provinces of the Chinese Republic.

If Japan were to renounce her political aims, she might still hope to obtain, by negotiation, not only large concrete economic concessions, but even perhaps a recognition of her 'special position' in Northern China in the commercial sphere. But an arrangement by which Japan would secure most-favoured-nation treatment in the widest sense of the words was not acceptable to the Japanese chauvinists if it were divorced from the power of political interference. Nor would it, by itself, provide an adequate solution in the eyes even of the Japanese merchants, industrialists and *entrepreneurs* who were interested in China—especially North China—primarily as a field for economic expansion. Given the power of manipulating governmental policy and action in China in regard to such matters as customs, tariffs, currency and schemes for railway construction, Japan would be able to exploit the economic possibilities of North China solely to suit her own ends and in the most lucrative manner for herself. But to develop these possibilities without encroaching on Chinese administrative integrity, that is to say on a truly co-operative basis, for mutual economic profit, would only be possible with the help of a very large Japanese capital investment; and, in view of Japan's financial condition at the time, this would necessitate extensive Japanese borrowing from abroad. At the beginning of 1937 this possibility was not entirely excluded. The Japanese were not without

¹ See the *Survey for 1936*, pp. 922-3.

hope that funds for the purpose might be placed at Japan's disposal in the two great capital markets of the world, London and New York, if sentiment abroad could be turned in their favour, and the following pages record the efforts which were made to counteract the reprobation and to allay the misgivings which Japanese action in China from 1931 onwards had aroused in the outside world.¹

Whatever the degree of public support behind the Japanese effort to achieve the ends aimed at in China by non-violent means, the attempt failed, and the die was cast for a fresh war of aggression. Two main underlying reasons for the failure emerge from the record of developments in 1937. The first was the fact that the bullying behaviour of Japan up to date was rousing the hitherto distracted Chinese to turn their energies away from their habitual occupation of combating one another into the new channel of common national resistance to Japan, and that, as this defensive consolidation of Chinese national forces made progress, China's amenability to Japanese pressure was diminishing *pari passu*. The second fact may be summed up in a quotation from a foreign observer, who described the state of mind prevailing in Japan in the early stages of the new Sino-Japanese war in the following words:

She [Japan] has cast off completely the garments of Liberalism which she was just beginning to wear without discomfort, and she has assumed, almost with relief, her native armour, adorned though it may be with a plume borrowed from the Western dictators.²

The record of the development of this militarist spirit in Japan and of the consolidation of the forces of resistance in China occupies a considerable part of the section of this volume which deals with the prelude to the Far Eastern conflict.³ The remaining space is divided between the following topics. One section⁴ contains an account of the Amur frontier dispute between Japan and the U.S.S.R., which gave Japan an opportunity to gauge the degree of Russian readiness to take up the gauntlet if Japan were to throw it down. Another section⁵ gives a detailed description of the events in North China which led up to the general offensive of the Japanese Army. The next section⁶ traces the course of the hostilities themselves, first in North China, where the Japanese forces set out to eject the Chinese armies from the Great Plain and from the mountainous

¹ See, for example, the account, on pp. 164-6 below, of the diplomatic negotiations which were set on foot in London with a view to recovering British good-will for Japan.

² G. C. Allen: *Japan: The Hungry Guest* (London, 1938, Allen & Unwin), p. 185.

³ Section (ii), pp. 148-93, below.

⁴ Section (ii) (a), pp. 148-54.

⁵ Section (ii) (d), pp. 169-93.

⁶ Section (iii), pp. 193-256.

region to the west of it; secondly in Central China, where ten weeks of stationary warfare on the confines of Shanghai were succeeded by an advance of the Japanese Army up the valley of the Yangtse and by the capture of Nanking; and thirdly the sporadic operations of the Japanese Fleet and Air Force which were designed to break the resistance of China by disorganizing her communications, by blocking the avenues of supply of war material from abroad, and perhaps also (though the Japanese themselves strenuously contested the justice of this charge) by terrorizing the civil population of China *en masse* not only in the immediate neighbourhood of the military fronts, but also in regions remote from any of the war-zones, as well as from any legitimate military objective. This section¹ contains also an account of the lines upon which war policy developed in Japan, and the establishment, by the Japanese, of Chinese 'puppet' régimes in the 'occupied' territories in China to which this policy gave birth. The international aspects of the Sino-Japanese conflict are considered in the last two sections.² The first of these deals with the attitudes and actions of the Western Powers—both individually and in concert—in relation to the conflict as a whole. In this connexion the key position of the United States, on whose decisions the other principal Powers were seen to wait, has caused special prominence to be given to American reactions to breaches of international peace both in the Far East, and—in view of the inseparability of the two fields—in the rest of the world as well; and this has involved a somewhat extensive examination of American neutrality legislation and of the policies reflected therein. The concluding portion of the Far Eastern narrative is concerned with specific cases in which foreign interests were affected by the war in the Far East, and deals with attacks on foreign life and property, in particular the bombing of British and American ships, and with interference both with private business interests and with the public rights of the municipal authorities in the International Settlement at Shanghai.

(ii) The Prelude to War

(a) THE TEST OF STRENGTH BETWEEN JAPAN AND THE U.S.S.R. IN THE AMUR FRONTIER DISPUTE

It had been an open question for several years prior to 1937 whether, if Japan's expansion on the mainland of Asia brought her into armed conflict with one of her neighbours, it would be, in the

¹ Section (iii) (e) and (f), pp. 240–56.

² Sections (iv) and (v), pp. 257–323, below.

first instance, with China or with the U.S.S.R. While Russia was in the earlier stages of the process of building up her military position in Eastern Siberia, the prospect of a Russo-Japanese war had at times appeared imminent. By 1936 the Far Eastern Red Army had greatly strengthened its defences and the situation had begun to change. Japan's attitude over frontier incidents was becoming tempered with a marked increase of discretion, and the Russian attitude was correspondingly stiffening. This was particularly apparent in the handling of the long-standing fisheries dispute and in the attitude taken by the U.S.S.R. in regard to the pact of mutual assistance concluded by her with Outer Mongolia in March 1936.¹

A year later, in the spring of 1937, a fresh strain was placed on Russo-Japanese relations by a conflict which arose regarding the title to sovereignty over certain islands in the Amur River, where this forms the frontier between Russian and 'Manchukuoan' territory. But in the interval a development had occurred in Russian internal affairs which could not fail to have considerable repercussions both upon Russian policy in the Far East and upon the calculations of the Japanese General Staff. This was the 'purge' in the ranks of civil and military officials which took place during the period in question and which was accompanied by a series of political trials in August 1936 and in January and June 1937.² In the Russian Far Eastern territories, although the military 'purge' was conducted with less vigour there than in other parts of the Soviet Union, the number of arrests of officials in the first half of 1937 alone was officially placed at between two and three hundred. In the January trials several of the accused confessed to having engaged in acts of sabotage in conspiracy with a Japanese agent whose name was not at the time revealed, but who was subsequently stated to have been identified as Mr. Hiroshima, a railway expert attached to the Japanese Embassy in Moscow. This was followed in May by the arrest and execution of over forty railway officials in Eastern Siberia who were charged with acts of sabotage under orders from the Japanese secret service, and with the selling of military secrets to Japan. According to *Pravda* these included some of the highest officials attached to the Amur Railway, one of whom confessed to having received a bribe of 60,000 roubles from Japanese sources.

In the middle of June there was a further batch of executions in Eastern Siberia, and this was followed again, at the end of June and

¹ See the *Survey for 1936*, Part VII, section (vi) (c).

² For a fuller account of these trials see the *Survey for 1936*, p. 377, and Part I of the present volume, pp. 12-21 above.

in July, by a still larger 'clean up' affecting over two hundred persons, nearly all of whom were accused of espionage and sabotage on behalf of the Japanese secret service.

It was obvious that the removal of railway officials on such a scale could not be carried out without effects upon the efficiency of the railways themselves such as would greatly reduce their capacity for coping with the emergency of a military mobilization. When the disorganization of the Army itself through the executions of senior officers and the destruction of confidence in the ranks was also taken into account, it was impossible to escape the conclusion that the power of the U.S.S.R. to undertake warlike operations in the Far East was to no small extent paralysed, and that the Government in Moscow were for the time being not in a position to carry any dispute with Japan to the point of a serious risk of war. That this was the view held by some of the senior officers in Japan was shown by a statement given to the *Osaka Mainichi* on the 28th June, 1937, by Major-General Homma, who, after visiting London in May in the suite of Prince Chichibu, the representative of the Japanese Emperor at the coronation of His Britannic Majesty King George VI, returned via Russia to Japan. General Homma was reported as saying that he shared the view of those who believed that the Red Army had been so weakened as a result of the trial and execution of Marshal Tukhachevsky and other officers of the Higher Command that it was threatened with disintegration; his visit to the Soviet Union had, he added, convinced him that Japan had no need to fear the Soviet Army.

In these circumstances the local clash which occurred on the Amur in June 1937 took on a special significance as a test of Russian strength and determination in face of the threat of a rupture with Japan, and as an indication of the degree of Russian readiness to become embroiled in the event of a war between Japan and China. An account of the development and outcome of the Amur affair demands, therefore, to be given a place in the chapter of this *Survey* which deals with the antecedents of the Sino-Japanese struggle.

On the 27th June, 1937, the headquarters of the Kwantung Army at Hsinking issued a report to the effect that on the 21st June Soviet forces had occupied the islets of Sennufu and Bolshoi,¹ in the Amur River, some seventy miles south-east of Blagoveschensk, which were claimed by the 'Manchukuo' Government to be under their sovereignty. The 'Manchukuo' lighthouse keeper had been expelled by the Soviet forces, which had then closed several of the river's channels

¹ Their Japanese names were Kanchatzu and Chinamuho.

to navigation. A protest, it was added, had been made to the Soviet Consul-General at Harbin. The matter was at once taken up with the Soviet Foreign Office by the Japanese Ambassador. Mr. Shigemitsu, it was reported, presented to Monsieur Litvinov a demand, couched in the form of a quasi-ultimatum, for the evacuation of the islands by the Soviet forces. The Japanese Government claimed that the islands belonged to 'Manchukuo' on three grounds: first, that they lay to the south of the main channel of the Amur, and that, where a river is recognized as the dividing line between two states, it is the centre (*medium filum aquae*) of the main channel which constitutes the boundary; second, that the Russo-Manchurian Waterways Agreement of 1934¹ provided that Russia and 'Manchukuo' should be responsible for the provision of lighting and other navigational facilities in their respective territories,² and that this function had been carried out on the islands in question by 'Manchukuo'; third, that it was a long established custom for Manchurian farmers and fishermen to make use of the islands. The Soviet counter-arguments were that at the time of the Treaties of Aigun (1858) and Peking (1860) the islands, although not marked on contemporary maps, had been north of the main channel and so fell to Russia, and that if there had since been a change in the flow of the river this did not mean that the islands automatically passed out of Russian possession. At the root of this dispute over a couple of unimportant islands lay possibly a desire on the part of the Soviet military authorities to keep Japanese and 'Manchukuoan' craft well away from the Russian bank of the Amur, so as to prevent observation of the defences which they were erecting.

In this situation Messieurs Litvinov and Shigemitsu agreed to put aside the question of sovereignty for future adjudication, and to concentrate on the problem of preventing a military collision, in order to preserve an atmosphere of peaceful discussion. On the 29th June an understanding was reached between the negotiators that the Soviet Government should withdraw their troops and gunboats from the islands, provided that 'Manchukuoan' forces were also removed from the vicinity. Mr. Shigemitsu agreed to refer these terms to Tokyo and Hsinking for approval, but on the 30th June a further serious incident occurred. During the dispute over the islands both sides had concentrated armed river craft at the spot, and the banks were occupied by military posts. Following, appar-

¹ See the *Survey for 1934*, pp. 674-5.

² On the 16th May, 1937, it had been announced in Tokyo that the Soviet Union had signified to 'Manchukuo' her intention to abrogate this agreement.

ently, upon the penetration, by a Soviet patrol ship, of the waterway between Sennufu island and the Manchurian shore, an engagement began between the opposing forces which resulted in the sinking of one of the Soviet vessels and a certain loss of life on both sides. The Japanese Ambassador in Moscow immediately presented an energetic protest on the ground that the Russian forces had been responsible for the clash. Monsieur Litvinov, although repudiating the charge and placing the blame on the 'Manchukuoan' forces, showed an earnest desire to smooth over the affair and refrained from the usual claim for compensation for material losses inflicted. He reaffirmed the readiness of his Government to withdraw their forces from the islands, on the understanding that the 'Manchukuoan' troops would also be withdrawn. Mr. Shigemitsu replied that the 'Manchukuoan' forces, not being in occupation of the islands, could not evacuate them, and could hardly be expected to retire from positions on the southern bank which were indisputably in 'Manchukuoan' territory. At a further conference on the 2nd July Mr. Shigemitsu stated, nevertheless, that all Japanese and 'Manchukuoan' naval vessels had, in fact, been withdrawn from the neighbourhood of the islands, and that there were no Japanese-'Manchukuoan' land forces at the spot. The Soviet Government then gave instructions for the evacuation by Soviet troops of all points in the neighbourhood of the islands, and this was completed by the 4th July.

The settlement was hailed in Tokyo as a diplomatic victory, seeing that the Russians had withdrawn from the islands without any agreement on the question of sovereignty having been reached or guarantees given against the subsequent occupation, by Japanese-'Manchukuoan' forces, of the places in dispute. Undoubtedly the moral drawn by the Japanese military was that the Red Army was, as General Homma had declared in the interview quoted above, in no state to take the field. The affair had begun as a minor affray between local forces—the one hundred and eighty-fifth incident of the kind on the Soviet-'Manchukuo' border—but it had furnished the Japanese Government with a valuable means of testing the strength of the Soviet Union in the Far East, and the latter's pacific demeanour could be, and almost certainly was, taken as a proof of Moscow's consciousness of unpreparedness for a serious conflict. So far from diverting Japanese pressure on China, the Amur incident, by convincing the Japanese military that there was no immediate likelihood of Russian intervention, acted as a spur to the extremists to risk a resort to arms in order to force the issue in North China.

The jubilation in Tokyo over this diplomatic success lessened the chances of the Shigemitsu-Litvinov agreement producing any improvement in Russo-Japanese relations. The Japanese Foreign Office took up the attitude that there was no room for further discussions about the title to sovereignty over the islands which had caused the dispute, and that there could be no question of prohibiting 'Manchukuo' from stationing armed forces there if she saw fit. A *communiqué* was issued by the Kwantung Army, declaring that it would take decisive measures in the event of 'Manchukuoan' territory being again violated; and thereafter—on the 6th July, according to Russian reports—Bolshoi Island was occupied by Japanese-'Manchukuoan' forces. In reply to a protest from the Soviet Government, the Tokyo Foreign Office replied that they were without information of any such occupation, but that in any case there was no obligation upon 'Manchukuo' to refrain from stationing troops on the island, over which they claimed rights of sovereignty. From this time, which coincided with the outbreak of hostilities in North China, the dispute between Moscow and Tokyo over the Amur boundary was allowed to recede into the background, and, although further local incidents occurred during the remaining months of the year, the Soviet Government were content to permit the question of the islands to lapse and made no further attempt to vindicate the rights which they claimed to possess. The passive attitude which they adopted thereafter in face of the struggle between Japan and China appeared to justify the earlier assumption of the Japanese military experts that no intervention was to be expected from the Russian side. Nevertheless the Japanese did retain in 'Manchukuo' a force variously estimated at 250,000 to 400,000 men, and containing a considerable proportion of their first-line troops, and this might be explained in two different ways. Fear of a Russian blow at 'Manchukuo' may have been still sufficiently potent to compel the Japanese Government to maintain their military precautions there on a large scale even at the expense of weakening considerably their striking power in China. Or else—and there were not a few indications that this was the case—the Japanese Army chiefs wished to be in a position to profit by the Soviet Union's internal weakness in order to launch an attack against her should the struggle in China develop on lines sufficiently favourable to permit this. There were, in fact, reports in November—to which the despatch of additional Japanese troops gave support—that such an attack was seriously contemplated. But whatever the plans of the Japanese staff may have been, the unforeseen stubbornness of the Chinese resistance, which necessitated the

despatch of reinforcements south of the Great Wall, was probably sufficient to cause the abandonment of any schemes for the invasion of Soviet territory.

(b) THE FORMATION OF THE KUOMINTANG-COMMUNIST
'UNITED FRONT'

The reconciliation between the Kuomintang and the Chinese Communist Party early in 1937, after nearly ten years of separation and uninterrupted conflict, was one of the most important events in China's political evolution during the whole of that period. Its particular claim to attention in a survey of international relations in the Far East rests, however, on the influence which it exercised on relations between China and Japan. It was Japan's aggressive policy in China which brought the Chinese Communists into line with the Central Government, induced the latter to bury the hatchet and produced the 'united front', and—since the co-operation of China in combating the spread of Communism in East Asia had been, ostensibly at least, the corner-stone of Japan's 'three-point' programme¹—it was reasonable to infer that, in its turn, the restoration of amicable relations between Nanking and the Chinese Communist Party on the basis of resistance to Japan did much to hasten on the appeal to arms on the side of Japan, while, by bringing civil war to an end, it freed China's hands to accept the ordeal of war with Japan.

In order to clarify the causes of the *rapprochement* it will be necessary to recall certain major events in the history of the Chinese Communist movement during the preceding two years. Although, after the breaking up of the Soviet bloc in Kiangsi, the Communist armies had achieved a reconcentration in Shensi and Kansu by the autumn of 1935, as was recorded in the *Survey* for that year,² they had found themselves interned there in the most backward and poverty-stricken area of China, and, though still formidable opponents, they had now little, if any, prospect of gaining a decisive victory in the field over the forces of a Central Government which was steadily growing in power and extending its authority. Their new base enabled them to establish more direct contacts with the U.S.S.R., but—so far, at least, as foreign observers were able to judge—this brought them little material assistance. Moscow desired to see the power of Nanking sufficiently strongly established to make headway against Japanese penetration in North China, which was threatening the Russian position in Outer Mongolia and Eastern Siberia, and

¹ See the *Survey for 1935*, vol. i, p. 320.

² See *op. cit.*, pp. 306-7.

she realized that any support given to the Chinese Communists in fighting against Nanking would play directly into the hands of the Japanese by prolonging the civil war and strengthening the 'pro-Japanese' group in the Chinese capital.¹ It was not necessary to assume that the Chinese 'Reds' were allowing their policy to be dictated by the Soviet Government or by the 'Comintern', but it was clear that, owing to lack of support from Russia, they were left with no other choice than to seek a reconciliation with Nanking.

This was not easy to accomplish in view of the programme, steadfastly pursued by General Chiang Kai-shek since 1927, of crushing all political rivals by military force and of achieving the unity of China by perfecting the supremacy of the ruling group at Nanking. To the Government's watchword of 'internal unification before resistance to external aggression' the Communists had replied with their own slogan of 'cessation of civil war and immediate resistance to Japan'. So long as this call for Chinese united action against Japan was confined to the Communists, to the politicians and militarists of the south-western provinces and to others whose independence was menaced by the growth of Nanking's power, its political opportunism was too patent for it to cause any very serious embarrassment to Chiang Kai-shek. There gradually developed, however, two tendencies which combined to enlist nation-wide support for the 'united front' policy demanded by the Communists, and to extort a substantial modification in the attitude of Nanking. The first, which was largely due to the very success gained by Nanking in its efforts at political unification and national reconstruction, was the growth of a new spirit of confidence and optimism among the Chinese intelligentsia. The second was the Chinese reaction produced by Japan's continued efforts to strengthen her grip upon North China and Inner Mongolia. Fear for the future of these parts of China's dominions, combined with a belief that China was now in a state to offer successful resistance to Japan, secured popularity for the 'united front' programme not only in academic circles, but in a

¹ With the change in emphasis in Communist policy from anti-Capitalism to anti-Fascism, it was natural that the interest of the Communists of the U.S.S.R. should tend to shift from the Chinese Communist Party as protagonists in the class war to the Chinese people as a whole as opponents of Fascist Imperialism in the shape of Japan. The Third International at their seventh Congress in July 1935 resolved in regard to China that 'the expansion of the sovietization campaign . . . must be linked with the development of the anti-imperialist people's front. . . . The Soviet must be the central force in the unification of all the Chinese people in the campaign for the liberation of the Chinese race.' This indicated a return to the earliest Soviet policy towards 'colonial' peoples. See the *Survey for 1924*, pp. 189-90.

section of the Kuomintang itself, as well as among a group of the younger officers of Chiang's own army.

The movement received an impetus in the winter of 1936 from the attack on Suiyuan and the success of General Fu Tso-yi's troops at Pailingmiao.¹ The defeat of the pro-Japanese forces appeared to mark the turning of the tide which had flowed so strongly against China's military efforts since 1931, and it strengthened the demand for general resistance.

Quick to take advantage of this situation, the Communist Central Executive reiterated their willingness to place the Red Army at the disposal of the National Government if the latter would challenge Japan, and they declared themselves ready, if a democratic parliamentary form of government should be established in China, to agree to the Soviet areas being made subject to its laws. They offered also to abandon, or at least to modify, the Communist practice of land confiscation—a practice which in any case had from their own point of view lost a good deal of importance since the Communist centre had migrated from the landlord-ridden regions of Central and Southern China to the wide open spaces of the north-west. Their overtures still failed to elicit any response from the Kuomintang or from Chiang Kai-shek personally. They succeeded, however, in establishing sympathetic relations with the troops under General Chang Hsüeh-liang, to whom the Generalissimo had entrusted the duty of 'bandit suppression' in the north-west area, and with the provincial garrison of Shensi under General Yang Hu-cheng. Hence arose the Sian revolt of December 1936 involving the 'kidnapping' of the Generalissimo by the local troops. This affair, the details of which have been given in the preceding volume of this *Survey*,² proved the turning-point, for it led to the adoption by General Chiang of the policy of co-operation with the Communists. His apparently sudden conversion was attributed variously to the convincing eloquence of the Communist leader Chou En-lai, with whom he was thrown into direct personal touch during the ten days of his detention at Sian; to the realization brought home to him there of the strength of the popular feeling against his former anti-Communist and 'pro-Japanese' policy; and, finally, to the evidence which the Sian affair brought to light of the treacherous intentions harboured by the political clique in Nanking—the so-called 'Fascists'—on whose support he had to a large extent been leaning. Whatever the motives may have been which lay behind General Chiang's decision, its effects were revolutionary. It meant the cessation of civil war, the conversion of the 'Reds' from enemies into

¹ See the *Survey for 1936*, p. 916.

² *Op. cit.*, pp. 885-9.

allies of the Government, the creation of a new unity among the politically minded population of China, and the removal of the chief ostensible grievance which the southern leaders had felt against Nanking. This in turn meant the possibility of concentrating the whole of the national energies upon withstanding any further pressure from Japan. The immediate effect of the change was, as will be shown later, to enable Nanking to reassert its authority in North China and to draw the semi-independent Chinese militarists in that area away from Japanese influences back into its own orbit.

To the outside world the first indication of the radical change of policy to which General Chiang Kai-shek was now committed was the suspension of hostilities between the Government troops and the 'Reds'. Later it became known that negotiations were on foot in Nanking to determine the new status of the Red Army and of the Communist Party in China. These negotiations were conducted behind a heavy veil of secrecy. Outwardly the attitude of the Kuo-mintang towards the Communists did not appear at first to have undergone any radical modification. When the Central Executive Council met in plenary session on the 21st February, 1937, the Communists submitted five points for consideration, namely: cessation of civil war and combination against Japan; freedom of speech and assembly and the liberty of the Press, together with the release of political prisoners of the 'Left'; the broadening of the Chinese National Congress (which, after many postponements, was due to be held in November 1937) so as to include representatives of all parties, of industrial organizations and of the professions; immediate preparations for national defence; and an improvement of living conditions for the masses. These desiderata received little open sympathy from the members of the Council, whose terms for reconciliation with the Communists, as set out in the resolution passed by the conference, were hardly distinguishable from the earlier demands for unconditional surrender.¹ But however uncompromising the Party Executive might consider it well to appear on paper—and in making a public declaration of their policy *vis-à-vis* Communism they were certainly not uninfluenced by considerations of the effect on Japan and on the outside world as a whole—this did not prevent conversations with the Communist leaders from progressing behind the scenes. Chou En-lai himself visited Hangchow and Kuling, where he had conversations with the Generalissimo, and emissaries from Nanking visited the 'Red' areas.

The secrecy maintained throughout in regard to these discussions

¹ See the *Survey for 1936*, p. 888.

prevented the conditions put forward by both sides from becoming known to the public, nor was there any official disclosure of the points on which an understanding had been reached. The Japanese Press, which naturally showed a keen interest in the matter, reported an agreement at the end of April 1937 which was said to provide for the reorganization of the Red Army—to be known thenceforward as the Eighth Route Army—by a committee under the presidency of Chou En-lai. Later developments made it tolerably certain that, whatever the nature of the pact which General Chiang made at this time with the Communist leaders, it was substantially confined to the urgent problem of 'nationalizing' the Red Army, the question of political readjustments being left for later consideration or even deferred till after the end of the anticipated Sino-Japanese conflict.

This move towards a 'united front' in China naturally evoked in Japan disquiet and even alarm. In an address to the assembly of Prefectural Governors in Tokyo on the 19th May the Minister for War declared that, 'as the result of a centralization of power achieved under an anti-Japanese banner', China was becoming over-confident and adopting an attitude 'insulting to Japan'. There was danger, he declared, that China might soon adopt 'all sorts of measures destined to baulk our peaceful expansion at its very source'. The freedom which the truce with the Red Army gave to General Chiang Kai-shek to reassert his authority in the northern provinces as a whole was the most immediate cause of concern in Japanese quarters. As the *Shanghai Mainichi* observed, Generals Sung Cheh-yuan and Han Fu-chu were now no longer independent, but had to ascertain the will of Nanking before deciding on any course of action. Nanking, the newspaper added, by aiming at a reduction in the strength of the northern armies and at their incorporation into the Central Government's forces, was acting in conflict with the spirit of the Ho-Umetsu agreement¹ and bringing about a crisis in Sino-Japanese affairs. The Japanese recognized, in fact, that they had the Chinese Communists to blame for making it possible for China to challenge their further advance; and it was noticeable that, from the time when the *rapprochement* between Nanking and the Communists became an established fact, official Japanese spokesmen, when referring to Japan's grievances against China, never failed to put in the forefront the spread of Communist influence.

When the fighting began in North China in July, the Communists

¹ The agreement concluded between General Ho Ying-chin, the chairman of the Peiping Military Council, and the Chief of Staff of the Japanese forces in North China at the beginning of June 1935 (see the *Survey for 1935*, vol. i, p. 326).

at once issued a manifesto urging unconditional resistance. At the same time Chou En-lai came to Nanking to discuss plans for co-operation in the field. On the 15th August the Communist leaders published a ten-point programme for the prosecution of the struggle against Japan. This included a complete severance of relations, the cancellation of all treaties with Japan, her rendition of all her concessions, mobilization for guerrilla warfare, organization of a National Defence Government on an all-party basis, confiscation of the lands of 'traitors', a boycott of Japanese goods, and measures to increase the economic self-sufficiency of the country. Meanwhile the incorporation of the Red Army into the National forces had, so far as outside observers could judge, been effectively carried through, and towards the end of August General Chiang Kai-shek appointed Chu Teh and Peng Teh-hui Commander and Deputy-commander of the Eighth Route Army (their share in the subsequent military campaign will be described in the next section of this part of the present volume).¹ Other Communist leaders were reported to have been placed in positions which gave them an important share in the direction of national affairs (e.g. the Military Affairs Commission), although the appointments were not made public.

While on the military side the 'remarriage' became an accomplished fact, to the great discomfiture of the Japanese forces operating in the western section of the field of operations in North China, the problem of re-incorporating the Communists into the Chinese political system was, at the end of 1937, apparently still in abeyance. By espousing the doctrine of the 'united front', and by arousing public opinion against domestic warfare as a diversion of national effort from the task of resisting Japan, the Chinese 'Reds' had succeeded in delivering themselves from outlawry² and were established as allies of the Government in the struggle against Japan, but it remained for them to effect a definite healing of the political breach between the Communist Party and the Kuomintang which had come about so dramatically in 1927. Before the Sian incident they had, as has been mentioned already, announced their readiness to contribute to a general reconciliation by renouncing an important part of their Communist principles, and, to give effect to this promise, the Central Executive of the Chinese Communist Party issued a manifesto on the 22nd September, 1937, in which they

¹ See pp. 196 and 200, below.

² The proscription under which the Communist Party in China had lain was not specifically revoked, but the legalization of the movement was implicit in the tolerance which was extended to it by the Government, which made an open allegiance to the Communist Party now possible.

pledged their allegiance to the Three Principles of Sun Yat-sen (which they described as 'indispensable to the reconstruction of China'), and voluntarily abandoned all measures aimed at overthrowing the Kuomintang, at Sovietizing the country or at confiscating the properties of landlords. The Committee declared the existing Soviet Government in China to be abolished and recognized the reorganization of the Red Army under the control of the Military Affairs Commission. This did not imply, however, that the Communist leaders were downright apostates from Marxism. The position was clarified in an article which appeared over the name of Mao Tse-tung himself in a Chinese publication, '*Chang Shih Ta Hsueh*', in November 1937.¹ 'Communism', he wrote, 'is the ultimate goal of revolution.' The decision to abolish the Chinese Soviets and to put an end to the policy of confiscating private property was made, he explained, not because the Communists had ceased to believe in this policy, but merely because the results at which the Communists aimed could be equally well achieved by adopting Sun Yat Sen's *San Min Chu I* and carrying it out to its proper and logical conclusion.

Instead of the confiscation of private property we propose [he continued] to make every farmer own his land. Our change of policy is because of the element of time. At the present time we must adjust ourselves to the urgent need of the nation. To change our policy is for the purpose of receiving more support from the entire nation to resist Japan. The present problem is, therefore, not whether the Communists believe the *San Min Chu I*, but rather whether the Kuomintang want to put it into practice or not.

After thus attempting to identify Communist doctrine with the teachings of the founder of the Kuomintang, the ex-Chairman of the Communist Party asked for the adoption of the August ten-point programme, including the demand for an all-party administration of China, and admonished the Kuomintang to yield place to a 'national and democratic form of united government'. It was for future developments to show whether the Kuomintang would respond to this call for the surrender of the power which it had exercised so exclusively during the previous decade.

¹ Reproduced in translation in *Chinese Opinions on Current Events* for the 17th November, 1937. Mao's statement in explanation of his policy was apparently designed in part to win over the dissident group within the ranks of the Communist Party itself. The extreme Left Wing denounced the modification of Communist policy as a betrayal and condemned Chou En-lai as a traitor to the cause. Subsequent developments indicated that Mao had not been successful in his efforts to placate this intransigent group, and in March 1938 it was reported that Chou En-lai had been 'recalled' from Hankow to Communist headquarters in Shensi.

(c) THE CONFLICT OF POLICIES IN JAPAN

At the beginning of 1937 the Army had been for some time the dominant political force in Japan. But although it largely dictated the actions of the Government, this dictatorship and the policies which it imposed in both home and foreign affairs were being challenged from various sides. Opposition came from that part of the Japanese business world whose interests were not directly linked up with the rearmament programme, from the political parties as such and from individual 'Liberals' in the Diet and outside who were zealous for the survival of democratic government in Japan. In so far as the Army leaders were attempting to override established constitutional practices, they were hampered not only by parliamentary criticism but also by the conservative tendencies of the Privy Council and the Court officials on whom the mantle of the Elder Statesmen had partially fallen. They were, moreover, meeting with opposition from the Navy on several issues of policy, particularly in regard to the preference to be given to the rival fields for Japan's overseas expansion—the mainland of Asia or the islands towards the south. Finally discord within their ranks arose from the 'young officers' party, imbued with advanced Monarchist-Socialist ideas, who were still a force to be reckoned with, although the extreme element had been brought back under discipline after the failure of the *Putsch* of February 1936.¹

It was intelligible, therefore, that in spite of their apparently strong position, and without any moderation of their hostility towards the politicians in the Diet, the Army leaders should have felt it prudent, when a new Government was formed under General Hayashi,² to make a concession to popular feeling by allowing the post of Foreign Minister to be filled by the appointment of a man of pronounced Liberal tendencies. There were even indications that some of the militarists themselves were beginning to have doubts about the high-handed policy which the Army had been pursuing in China, and were not entirely opposed to experiments being made along more conciliatory lines. There was in fact a general tendency to review the whole position in regard to Sino-Japanese relations. This found a reflection in statements by responsible men of affairs such as the ex-Ambassador to China, Mr. Akira Ariyoshi, who, writing in *Contemporary Japan*, declared that the recent progress in

¹ See the *Survey for 1936*, Part vii, section (iii).

² For the history of political developments up to and including the formation of the Hayashi Cabinet in February–March 1937, see the *Survey for 1936*, pp. 897–9.

China towards political stability had 'not failed to prompt Japan to re-examine its past conception and to co-ordinate its view of the existing situation', and went on to suggest that it might be necessary to reconsider such fundamental issues as the existence of the autonomous régime in East Hopei.

Mr. Sato, the new Foreign Minister in General Hayashi's administration, lost no time in defining his attitude in regard to Japan's foreign relations. In the course of speeches delivered in the Diet within a few days of his appointment—and said to have been approved beforehand by the Ministers for War and for the Navy—he declared himself in favour of a 'new deal' with China, of the revival of Anglo-Japanese friendship, of an economic approach to Japan's fundamental problems and of reliance, for this purpose, upon the making of trade arrangements for freer markets in various parts of the world rather than upon the development of the Japan-Manchukuo-China economic bloc advocated by the militarists. He deprecated the prevailing notion that Japan was in the midst of a period of 'national crisis', and was bold enough to suggest that it lay with Japan herself to determine whether the crisis should, or should not, develop.

Dealing specifically with the question of China, Mr. Sato invited his compatriots' attention to the growth of Chinese nationalism, and to China's progress towards political unification and economic recovery. He declared his intention to prepare the way for a resumption of negotiations with the Government in Nanking, for which purpose, he said, 'I think we shall have to start from a new point. I mean that negotiations must be taken up on the basis of equality.'

Language of this sort marked a definite change from the type of Japanese official pronouncement to which the world had grown accustomed, such as the persistent invitation to the rest of the world to 'correctly understand Japan's position in East Asia', and the reiteration, in respect of China, of Mr. Hirota's 'three points'.¹ In Japan the indication by the Foreign Minister of a reorientation of policy not unnaturally caused a commotion in militarist circles. Mr. Sato was called on to explain the inconsistency of his utterances with statements previously made by the Prime Minister, and, without actually retracting his words, he was forced to admit certain 'errors in phraseology' and to tone down the import of some of his remarks, especially with reference to the much advertised 'crisis'. In regard to the policy to be pursued towards China he conditioned his statement about a 'new deal', and limited its scope, by stating that,

¹ See the *Survey for 1935*, vol. i, p. 320.

although the Japanese Government should meet the Chinese in all matters in the most friendly way and should 'seize every opportunity to make Sino-Japanese *rapprochement* and co-operation a reality', this was subject to the stipulation that Chinese demands should not affect Japan's 'fundamental policy' in North China. Mr. Sato added nothing to the interpretation of this well-worn phrase, which could, however, be taken to include the requirement of some sort of buffer territory between China on the one side and 'Manchukuo' and Mongolia on the other. In regard to this the Prime Minister had, shortly before, declared that North China must be regarded as a special area on account of its contiguity with 'Manchukuo' and of the possibility of its becoming a focus for anti-Japanese and 'anti-Manchukuo' activities and a centre for Communist propaganda. It became clear, however, that his military colleagues and the Prime Minister himself were ready to allow Mr. Sato's revised presentation of Japanese policy to stand as a whole. It remained to be seen what practical effect would be given to the principles which he had outlined.

The first move, in regard to China, was the dispatch, in the middle of March, of a mission of Japanese business men, whose leader, Mr. Kodama (a former President of the Yokohama Specie Bank), openly insisted on the need for breaking the political deadlock between the two countries in order to clear the way for economic co-operation, and was understood to have sponsored the Chinese point of view that political readjustments must accompany, if not precede, economic arrangements. Unfortunately the results of this mission proved, in the end, disappointing. In China its members met with what had become the stock Chinese demand that the political issue in North China should be cleared out of the way before economic arrangements were considered. All that was actually accomplished was the working out of tentative plans for co-operation in regard to cotton and textiles, and the carrying through of arrangements for the release to the Chinese Government of the silver held by the Japanese banks in Shanghai, which had not till then followed the example of the British and other foreign banks in surrendering their stocks in accordance with the Chinese currency decrees of November 1935.¹ It was significant, however, that in reporting the meagre results achieved by the mission, *The Oriental Economist*, a responsible Japanese organ published in the English language, dared to advocate that consideration should be given to the Chinese desire for a modification of the political situation in the North and to describe the autonomous, or semi-autonomous, Governments erected there under

¹ For these decrees see the *Survey for 1935*, vol. i, pp. 309-10, 405-6.

Japanese pressure as transitory régimes which should not be allowed to persist indefinitely. A few weeks later the Japanese Ambassador to China was summoned to Tokyo to discuss the reopening of negotiations with the Chinese Government. The directions which he received before he returned to his post reflected the change in the Government's outlook, if the correspondent in Tokyo of *The Times*¹ was correct in describing them as being of a nature which tacitly recognized that 'past efforts to force the pace' had failed and that the demands which China had rejected would 'not be pressed'.

Meanwhile the closer collaboration with other nations which the Foreign Minister had included in his programme was attempted in two directions. In the first place an unofficial mission, headed by Mr. Kadono, the President of the Chambers of Commerce and Industry of Japan, was sent on a visit to the United States, Great Britain and other European countries to explore the ground for trade and economic agreements. But the principal move to lift Japan out of her international isolation was the approach which was made to Great Britain for a better mutual understanding and which resulted in diplomatic *pourparlers* in London in the early summer of 1937, the course of which must now be described in brief.

In January 1937 Mr. Arita, the Foreign Minister in Mr. Hirota's Government, had, when speaking to the Diet, laid peculiar emphasis on the effect on Japan of the restrictions on Japanese exports which were growing up in nearly all her principal markets, and had mooted the possibility of arrangements with the colony-owning Powers for restoring freedom of trade in their colonial possessions. The argument for a *rapprochement* with the principal colony-owning Power, namely Great Britain, was reinforced by the decline which was taking place in the rate of expansion of Japanese exports, and by the growing need for funds from abroad to finance the economic development of Manchuria, for which purpose access to the London money market was important if not essential. There was, therefore, strong support from business quarters for the lead given by Mr. Sato, when, dealing with Great Britain in his first speech in the Diet on the 8th March, he declared that it was 'the intention not only of the officials of the Government but also of the whole country that friendly relations be promoted'. The Press warmly endorsed the suggestion of an Anglo-Japanese *entente*, and its tone in reference to Great Britain was described as having completely changed from the note of bitter recrimination which had characterized it during the previous eighteen months. The Japanese conception of such an agree-

¹ See the issue of the 23rd June, 1937.

ment—provided that any agreement was possible in the state of British public opinion towards Japanese aggression in China—was easily discernible. For Japan an understanding with Great Britain might open a door by which she might be able to re-enter the society of Western nations without having to renounce her objections to the League of Nations system ; it might provide a means of improving her economic conditions and her financial prospects; and, above all, it might lead to a recognition of her 'special position' in North China. In return Japan could offer to conform to British desires by halting in her encroachment upon China's territorial integrity, by respecting British interests in Central and Southern China and by a pledge of non-interference with Chinese plans for economic reconstruction. Apart from China there was room for concessions on both sides, on Great Britain's part by lowering the barriers against Japanese goods in her Crown Colonies and, on Japan's part, by meeting the British wish for an understanding on the subject of the limitation of naval armaments. These, with the exception of the last, were actually the bases for an agreement between Japan and Great Britain which the Japanese Press anticipated when, in April 1937, it predicted the early opening of negotiations in London.

Already on the 24th March Mr. Eden, speaking in the House of Commons, had responded to Mr. Sato's preliminary gesture by stating that the British Government were equally anxious for friendly and harmonious relations. It was not till the first week of May, however, that it was allowed to transpire through Japanese official agencies that Mr. Yoshida, the Japanese Ambassador in London, was actually engaged in general conversations with the Foreign Office as a preliminary to more formal negotiations.

The realization in Great Britain that *pourparlers* were on foot for an Anglo-Japanese understanding concerning the Far East caused considerable uneasiness in a section of the British Press as to the effect upon China, and evoked questions in Parliament. In answer to these it was stated that His Majesty's Government had no intention of reviving the question of spheres of influence, and that no alterations would be made in treaties affecting China without the willing consent of that country. Meanwhile the Japanese Foreign Minister, in talking to Press correspondents, gave similar assurances of the absence of any intention to re-create spheres of influence, though he was careful to emphasize the difference between 'spheres of influence' and the 'spheres of special interest' which Japan claimed to possess in North China.

On the 24th June it was announced that the Japanese Ambassador

had received instructions enabling him to start discussions on concrete issues in regard both to China and to Anglo-Japanese commercial relations, and on the following day Mr. Eden informed the House of Commons that the conversations which had been proceeding, and which were expected to lead to an exchange of views on concrete proposals, encouraged the hope of further progress in the direction of a better understanding and of a better ordering of mutual relations. By the 5th July a definite date had not yet been fixed for the opening of formal conversations, and after the fighting had begun in China a few days later the British Under-Secretary of State for Foreign Affairs announced that his Government had informed the Japanese Government that they considered it inopportune to initiate the proposed negotiations so long as the existing situation in China persisted; whereupon the conversations with the Ambassador in London were adjourned *sine die*.

The outbreak of the conflict in China, with its effects on public opinion, ruled out another possible development bearing upon Japan's relations with Great Britain and other Western Powers. This was a proposal for a pact of non-aggression among the countries of the Pacific which the Prime Minister of Australia had put forward at the Imperial Conference in London in May 1937. On the 25th June Mr. Eden had defined the position of the United Kingdom Government towards Mr. Lyons's proposal in the following terms:

All the Governments of the British Commonwealth were united in thinking that a Pacific Pact was a desirable objective. They examined the possibilities in some detail during the Conference, they considered the various forms which the pact might assume, and they noted a number of difficulties which would have to be overcome. This is a matter which must be approached with some circumspection, and it might be unwise to attempt any negotiations until we know a little more clearly what are the views of certain other Governments in the matter, but we hope to have opportunities shortly of making preliminary soundings among those Governments which are principally interested, after which we shall be in a position to decide whether definite proposals can be made with any reasonable chance of success.

The non-committal tone of this statement lent colour to a report, which had appeared in the Press, that the Government at Westminster viewed Mr. Lyons's proposal with considerable coolness. The correspondent of *The New York Times* had gone so far as to say that 'informed quarters' in London held that 'there was not the slightest possibility of Britain proposing or joining such action'. The United Kingdom Government were in any case saved from the necessity of defining more closely their attitude towards the Australian proposal,

since none of the other Governments concerned took any further action after the opening of hostilities in China.

The reaction in China to the attempt at an Anglo-Japanese *rapprochement* will be reserved for treatment in a later chapter.¹ It may be mentioned here, however, that the Chinese were perturbed, if not alarmed, by the prospective *rapprochement* of Great Britain and Japan, for there were palpable loopholes in the assurances which were given of respect for the interests of China. It was difficult, indeed, to conceive any possible basis for an Anglo-Japanese understanding other than one which would imply at least a partial recognition by Great Britain of the *de facto* situation which Japan had created for herself in Manchuria and North China, in return for Japanese renunciations of further aggression. A situation was, in fact, developing in July 1937 in regard to China which bore at least a superficial resemblance to that which would have resulted from the Hoare-Laval agreement in respect to Italy and Abyssinia in 1935,² had it been implemented; for an Anglo-Japanese *rapprochement* would likewise have tended to check a process of aggression by one country against another at the expense of consolidating the hold of the aggressor on what he had already gained at the time of the agreement. The question of principle was prevented from being put to the test in the case of China by the abrupt termination of the London *pour-parlers*. Though abortive, the attempt at a renewal of friendship between Japan and Great Britain had not been without effect on the general situation in the Far East, for it undoubtedly played its part in moving Japan to avoid any exacerbation of her relations with China and in enabling the Hayashi Government to justify their policy of greater moderation in the face of extremist attacks.

Although, in following this more conciliatory course in foreign relations, the Government were falling into line with the views of their Parliamentary critics, this did not serve to allay the conflict which had developed between the civilian and military elements, and to which we must now revert. The Diet's part in this struggle had led to the fall of the Hirota Cabinet in the third week of January.³ The new Prime Minister, General Hayashi, supported by a 'Service Cabinet', from which party politicians were excluded, took from the first a high dictatorial line with the Diet and was duly repaid by an outpouring of criticism and of protests against the overriding of constitutional rights. In particular, the deputies objected that the

¹ See pp. 170-1, below.

² See the *Survey for 1935*, vol. ii, pp. 281 *seqq.*

³ See the *Survey for 1936*, p. 897.

Diet was being deprived of the exercise of control over policy by being refused the right to supervise the Army and Navy estimates, that the Army was usurping the function of the Foreign Office as the mouthpiece of the Government in dealing with foreign affairs, and that the vast military expenditure was starving the country of resources urgently needed for social and economic reform. In spite of their boldness in indulging in open attacks on the military-ridden Government, and although they asserted their independence by blocking the passage of Government measures in an attempt to force through Bills of their own on the subject of electoral reform, the party members gave way when the ultimate test of the voting on the Budget arose, for they then adopted the Government's proposals, which provided once more for increased appropriations for the fighting services.

The Budget once safely passed, the Prime Minister, who had not concealed his resentment at the departure of the Diet from its customary attitude of subserviency, declared the Chamber dissolved on the ground that its behaviour was destructive of 'national unity'. The dissolution took place on the last day of March. The new Chamber was elected exactly one month later with an overwhelming majority for the Opposition parties. These now included both the Seiyukai and the Minseito, since the Government at the elections had contemptuously refrained from any attempt to enlist the support of either. The two major parties combined in the determination to force the Government out of office, and on the 28th May they issued a joint manifesto demanding its resignation. The Prime Minister carried the war into the enemy's camp by making further inroads upon the authority of the Diet. He set up a National Planning Board entrusted with the duty of drafting all legislative measures, together with a central Economic Council and a Cabinet Intelligence Bureau, while he was further credited with the intention of extending the bureaucratic system by creating extra-Parliamentary bodies to deal with special departments of Government, including one for the direction of Sino-Japanese relations.

Having forfeited the sympathies of the Diet by his cavalier treatment of its members, and having at the same time failed to satisfy the requirements of the military chauvinists for a 'strong' policy at home and abroad, General Hayashi despaired of carrying on the Government, and on the 31st May he resigned. His successor was Prince Konoe, who was a member of the ancient nobility and an old friend of Prince Saionji, and who enjoyed a reputation for broad liberal views and moderate tendencies in politics. His exalted personal standing,

together with his adoption of national unity and the liquidation of political rivalries as the main plank in his platform, made him acceptable both to the militarists and to the politicians. In the formation of his Cabinet he compromised with the demands of both sides. Most of the posts he filled with independent 'bureaucrats'; as Ministers for War and for the Navy he retained the two men who had served under his predecessor, namely General Sugiyama and Admiral Yonai; to placate the political parties he gave the Ministry of Communications to Mr. Nagai, Chief Secretary of the Minseito, and the Ministry of Railways to Mr. Nakajima, one of the four members of the Acting Presidential Board of the Seiyukai, and he also restored the practice of appointing Vice-Ministers chosen from members of the Diet. The Ministry of Foreign Affairs he gave to Mr. Hirota, who, in his previous tenure of the post, had identified himself in foreign eyes with the 'Japanese Doctrine of East Asia' and the 'Three-Point Policy towards China'.

(d) DEVELOPMENTS CONCERNING NORTH CHINA

(1) *The Situation in North China before the Lukouchiao Incident*

North China proved to be the rock upon which the Japanese policy of conciliation and economic co-operation was destined to be wrecked. At the beginning of 1937 it was evident that the Japanese militarists' plan to establish an autonomous group of five provinces in North China had broken down with small chance of revival, and that their position in the North was being slowly undermined by the increasingly hostile sentiment of the Chinese populace and the gradual recovery of influence by the Chinese Central Government. As we have seen already, the Japanese Government, impressed by the growing strength and unity of China, were anxious to break the diplomatic *impasse* in which the Kawagoe-Chang Chun negotiations had terminated in December 1936,¹ and for this purpose were prepared to relax pressure on China in regard to their larger political demands and to concentrate on economic objectives. Even the War Minister, General Sugiyama, had made a point of denying that the Army had any aggressive designs towards China, and, in particular, any intention of seizing North China.

From the Chinese standpoint the crucial question was whether Japan was willing to modify the situation in the North by withdrawing support from the East Hopei and North Chahar régimes,² by ceasing

¹ See the *Survey for 1936*, pp. 920-2.

² See the *Survey for 1935*, vol. i, pp. 325-31.

to dragoon the Chinese authorities in North China, and by withholding protection from Japanese nationals engaged in smuggling and in traffic in narcotics in that region. A manifesto issued on the 22nd February at the Third Plenary Session of the Kuomintang Central Executive Council¹ had enunciated a policy of striving for peace, while resisting aggression, in the following words:

If there is still hope for peace we shall still be willing to continue our efforts in working for a preliminary readjustment of Sino-Japanese relations on the basis of equality, reciprocity and mutual respect of each other's territorial integrity, so as to deprive bandits and puppets of their present reliance on external force and to respect the administrative and territorial integrity of China.

This implied that the Chinese Government were charged by the Party Executive with the task of restoring full Chinese authority in the North and of eliminating the North Chahar and East Hopei 'autonomous areas'.

We have seen that, although the idea of ceasing to support independent administrations in North China was being freely canvassed in Japan, the Government in Tokyo still deemed it necessary for Japan to maintain a 'special area' in North China, and as this obviously implied a large measure of interference with the sovereign power of a Chinese Central Government, there remained, in spite of the milder attitude of Japan, a very wide gulf between the expressed policies of the two countries.

In these circumstances Mr. Sato's overtures evoked little response on the Chinese side and were the subject of sceptical comments by the bulk of the Chinese Press. Mr. Wang Chung-hui, the Chinese Foreign Minister, remarked in a Press interview that it was for Japan to inaugurate the new era which Mr. Sato foreshadowed by removing concrete obstacles to an understanding. Unofficial comment put the matter in a more colloquial form. 'The face of the sheep', said one commentator, 'cannot be expected to respond to blandishments in Nanking while its hind quarters are being shorn in Hopei.' Meanwhile, the Japanese overtures to Great Britain, resulting in the conversations between the Japanese Ambassador in London and the British Foreign Office,² were causing alarm to the Chinese, who feared the conclusion of a 'deal' which would involve a recognition by Great Britain of the 'special position' of Japan in North China. In regard to this Mr. Wang Chung-hui expressed his surprise at the opening of discussions on matters affecting China without prior consultation with her Government, and said that the latter were

¹ See also p. 157, above.

² See pp. 164-6, above.

watching the conversations 'with the closest interest and anxiety'. Any new international arrangements in the Far East must, he said, if they were to serve peaceful ends, provide for the territorial and administrative inviolability of China and non-interference in her economic and political development. Other Chinese spokesmen objected to any new international understanding for the economic development of China in which the United States was not included. The assurances offered in both London and Tokyo that no action detrimental to China was in contemplation failed to banish Chinese apprehensions of the consequences of an Anglo-Japanese *entente*, and there can be little doubt that the fears engendered by the London negotiations contributed to the determination of the Nanking Government to strengthen their grip upon North China before any agreement among third parties had time to become effective.

Apart, however, from Tokyo and Nanking there was always a third element exerting a strong, if not a deciding, influence on the North China situation—namely the Japanese military head-quarters in Tientsin and in Hsinking. It was the latter who had been mainly responsible for the creation of the independent régimes in North China and Inner Mongolia, the abolition of which was for China the *sine qua non* of any general settlement. The more conciliatory attitude of the Gaimusho (the Japanese Foreign Office) was not reflected in any sign of inclination on the part of the local Japanese militarists to abandon or diminish their support of Yin Ju-keng at Tungchow¹ or of Prince Teh in North Chahar.² It is true that the former showed some alarm when Mr. Chen Chung-fu, formerly Chairman of the Hopei-Chahar Political Council's Foreign Relations Committee,³ went to Japan on the 14th April, reputedly to confer with Japanese military and political leaders about the abolition of the East Hopei régime. To counter this Yin himself sent a mission, and on the 17th April appealed to Japan not to assent to the Nanking demand for the abolition of his Government. He cannot have derived much comfort from a statement made on the 19th April by a spokesman of the Gaimusho who said that the liquidation of the East Hopei régime could not become an issue between Japan and China, because Japan was not concerned in its creation, although he added, echoing the Prime Minister's earlier statement, that Japan felt concern for the maintenance of peace and order in regions contiguous to 'Manchukuo'.

In the last analysis it was this question of a 'buffer' between

¹ See the *Survey for 1935*, vol. i, pp. 329–30; the *Survey for 1936*, p. 909.

² See the *Survey for 1936*, pp. 914–16.

³ For Mr. Chen's dismissal from this post, see p. 175, below.

China and 'Manchukuo' which was the obstacle to any political arrangement. Not only Japanese business and diplomatic circles, but even a section of the Army, might have been willing to consider a liquidation of the 'autonomous areas', with a corresponding increase in the power of Nanking in the North; but, in view of the temper of the Chinese intellectuals and the growing friendship between Nanking and the Communists, they no doubt genuinely feared for the safety of 'Manchukuo' if much were given away. The Japanese militarists appeared particularly indisposed to consent to any change in the terms of the Tangku Truce or the Ho-Umetsu agreement. General Tashiro, the Commander in North China, while refusing to commit himself on the question of North Chahar, declared in the course of an interview published in *The New York Times* on the 12th April, 1937, that if the Chinese 'trespassed' in East Hopei, Japan would 'fight to the last man to maintain the present demobilized situation in accordance with the terms agreed to by War Minister Ho Ying-chin'. The Chinese Foreign Minister himself remarked¹ that 'Japan apparently thinks that when the East Hopei Government is dissolved and the administration of the North Chahar *hsiens* is adjusted, China would begin to agitate for the return of its lost territory in Manchuria also'. Nor did he deny that such might be the case, although he said that the settlement of North China questions would produce an improvement of relations. Thus arose the dilemma that, if Japan stood firm in maintaining the autonomous areas in North China, no understanding with Nanking on economic co-operation was possible, the anti-Japanese sentiment throughout China would continue to grow and a crisis would be bound to result; if she gave way, on the other hand, and permitted East Hopei and North Chahar to be re-absorbed, it would be hailed as a victory for Nanking and thereby encourage the irredentist movement and be likely to stimulate the activities of the armed 'volunteer' bands in 'Manchukuo' which were already causing Japan serious preoccupation. The Chinese Communists, who were attempting to reach a *modus vivendi* with the Kuomintang, had laid down as a part of their programme the immediate recovery of the north-eastern provinces (i.e. 'Manchukuo'), and the National Salvationists and other patriotic organizations were equally firm on this point. Although it might be assumed that neither Nanking nor the 'Red' leaders wanted immediate war with Japan over the question of 'Manchukuo', there was no guarantee that, if once the authority of the Central Government had been re-established on the edge of the 'puppet' state,

¹ See *The North China Daily Herald*, 12th May, 1937.

surreptitious aid might not find its way to the revolutionary elements over the border.

In May there were signs that the Japanese military in North China were making positive moves to counteract Mr. Sato's efforts towards easing the situation. Yin Ju-keng, acting no doubt as their spokesman, informed a foreign Press correspondent that there was no chance of the authority of Nanking being restored in East Hopei so long as the Kuomintang dictated the policy of the National Government. New barracks for the Japanese North China Garrison were being built at Tungechow and Fengtai, and no reduction was made in the abnormally large number of the Japanese troops. An exchange of 'diplomatic representatives' between East Hopei and Hsinking suggested a strengthening of the ties between the Kwantung Army and Yin Ju-keng. Technically, control lay with the North China Garrison, but the Kwantung Army exerted from the background an influence no less powerful for being undefined. Meanwhile, in Inner Mongolia, as a result of the successes of General Fu Tso-yi in the latter part of the previous year,¹ the influence and prestige of Japan suffered a considerable set-back and the activities of Japanese agents in Paotow and Kweihua were noticeably reduced, although the situation was less unfavourable for Japan in North Chahar, where the Government of Prince Teh at Chapser (Chiaputsu) was beginning to take on the features already familiar in the East Hopei administration, with Japanese advisers in the various departments and pro-Japanese forces, under Li Shou-hsin, in actual control of the area. Even in Chahar, however, the efforts of the Japanese to consolidate their position were hampered by the increasing resentment of the Mongols at their dictatorial methods. The tribesmen, it was reported by foreign observers, felt that they had been sacrificed as Japanese pawns in the Suiyuan struggle, and looked with increasing envy on the one side at the large measure of independence enjoyed by their kinsmen in Outer Mongolia and, on the other side, at the subsidies which the Mongolian Political Council in Suiyuan received from Nanking. In June a revolt broke out among the 'Manchukuo' and Mongol troops in Chahar, which, the Japanese declared, was fomented by Chinese agents from Suiyuan. These adverse tendencies among the population of the Mongolian corridor, to which the Japanese attached so much strategic importance, were a further incentive to 'forward' action by the Japanese in North China; and, when the clash occurred later in the year, they made the invasion of Suiyuan one of their first objectives. Meanwhile, in another direction, the

¹ See the *Survey for 1936*, p. 916.

set-back which the Japanese had experienced in Inner Mongolia was exercising a very decided influence on the course of events. The success of Chinese arms in the previous winter in the Suiyuan fighting, culminating in the recapture of Pailingmiao,¹ of which exaggerated reports gained currency in China, was an important factor in reviving Chinese morale and did much to encourage the belief that it was possible for China to turn the tables on Japan. It was said that the defiance later displayed by the Chinese Twenty-Ninth Army owed much to this cause.

The Twenty-Ninth Army, which was to figure so prominently in the initial stages of the conflict which started in July, had been part of the Chinese forces which had fought against the Japanese in General Feng Yu-hsiang's free-lance campaign in 1933.² It had since 1929 been under the personal command of General Sung Cheh-yuan, who was originally one of Feng's subordinates. Consequently, when General Sung was appointed Chairman of the Hopei-Chahar Political Council, this Army formed the garrison of the region under the control of that body. Although these troops were thus subordinate to a man who was virtually a Japanese nominee, they were already early in 1937 showing signs of recalcitrance, and in March the Japanese Embassy had had cause to protest against alleged affronts by soldiers of the Twenty-Ninth Army to consular officials and other Japanese nationals. General Sung himself, while naturally anxious to avoid embroiling himself with the Japanese, whose first blow in the event of war must fall on him, was careful not to put his loyalty to Nanking in doubt or to act in opposition to its declared policies. During the first four months of the year he continued to steer this difficult middle course as the head of a 'semi-autonomous' Government, negotiating with the Japanese Garrison Commander on economic questions, but remitting political questions so far as possible to Nanking. The pressure to which he found himself subjected from the Japanese on the one side and from Chinese public opinion, reinforced by the growing bellicosity of his own subordinate officers, on the other, placed Sung in difficulties from which he procured a respite early in May by leaving Peiping for his home in Southern Hopei 'to sweep the tombs of his ancestors'; but he purchased this temporary relief from personal embarrassment at the cost of incurring the displeasure of the local Japanese and increasing the state of friction.

The augmentation of the Central Government's influence in North China revealed itself again in the action which was taken against

local Chinese officials. The dismissal in January of Mr. Chen Chung-fu, head of the Foreign Affairs Committee of the Hopei-Chahar Political Council, was attributed by the Japanese to pressure from Nanking, and a protest was made on the ground that, by a stipulation in the Ho-Umetzu Agreement, no high officials in Hopei could be appointed or replaced without Japanese consent. The Chinese denied the existence of any such provision and of any limitation upon their prerogative of appointment. In May the Managing Director of the Peiping-Liaoning Railway was impeached by the Control Yuan on charges of ignoring the orders of the Central Government authorities regarding the suppression of smuggling, and of hampering Customs officials in the execution of their duties, and was subsequently dismissed from his post. An event which was particularly obnoxious in the eyes of the Japanese military authorities was the successful mission of General Chiang Tso-pin in June to arrange for the participation of the areas under the Hopei-Chahar Council in the elections to the National People's Congress in November. Dr. Hu Shih pointed out the significance of this as evidence that the North was still an integral part of the Republic.

The fuel for the coming conflagration was thus accumulating in North China, and the temperature was being raised by the continuance of friction over the Japanese schemes for economic penetration. In some fields of development the Japanese had no cause for dissatisfaction at the progress which they were making in North China. Private business interests were extending their operations, especially in the cotton-textile industry at Tientsin, the Japanese share in trade as a whole was increasing, and in East Hopei schemes for the extraction of minerals—salt, iron and gold—were coming into effect with the help of the pliant 'puppet' administration of Yin Ju-keng. Where the Nanking Government could make their authority felt a very different situation was created, however, and this applied in particular to the two projects to which the Japanese military attached special importance, namely the construction of the railway line to connect Tientsin with Shihchiachuang on the Peiping-Hankow railway¹ and to provide an outlet for Shansi coal, and the exploitation under Sino-Japanese management of the Lungyen iron mines in Chahar.² While the Hopei-Chahar authorities, if left to themselves, might have been willing to co-operate with the Japanese in giving effect to these schemes, the Nanking Government were firmly opposed to Japanese participation both on political and on economic grounds. The Japanese military conception of a Japan-'Manchukuo'-North China

¹ See the *Survey for 1936*, p. 910.

² See *op. cit.*, p. 911.

economic unit was diametrically opposed to the plans of Nanking for a state-controlled industrialization of China, in which, especially in the growth of the heavy industries, the North was expected to play a leading part, since the bulk of the iron and coal deposits remaining to China after the loss of Manchuria lay in the five northern provinces. Therefore the Government made plain their determination that if any fresh railway and mining enterprises were to be carried out in the North they must be under the Central Government's control. At the same time they condemned the Tientsin-Shihchia-chuang railway scheme on the ground that a part of it would duplicate the existing Tientsin-Pukow line; they insisted that if the line were built it should start at Tsangchow and serve as a 'feeder' to the existing system, and they stipulated that it should be constructed by the Ministry of Railways with Chinese capital without foreign participation.

The Lungyen iron fields, estimated to contain over ninety million tons of ore, had first attracted general attention in 1918 when the Lungyen Company had been formed with a capital of \$5,000,000, subscribed in equal parts by the Chinese Government and by private interests. The mine was connected by rail with the Peiping-Suiyuan railway, and a blast furnace was erected near Peiping to deal with the ore. A slump in iron-ore prices put an end to the operations of the company, and some 60,000 tons of extracted ore were left beside the abandoned workings. The Japanese military wished to see work recommenced at the earliest possible moment for the purpose of helping to meet the iron-famine in Japan, which was seriously affecting her rearmament programme and handicapping her industry as a whole. The Nanking Government were ready to agree that a loan should be obtained from Japan for restarting the mines, but they stipulated that there should be no joint control and that any Japanese experts who might be employed should act in a purely advisory capacity.

The attitude adopted by Nanking prevented work from being started on either of the two above-mentioned projects and aroused the resentment of Japanese officials and business men, who compared their own slow progress with the steady advance which British commercial interests were being permitted to make in Central and South China. In addition to stopping the Japanese from obtaining fresh economic concessions in North China, the Nanking Government showed an increasing disposition to restrict the activities of those which had already been secured. The Sino-Japanese Huitung Aviation Corporation, which, as reported in the preceding volume of this

series,¹ had begun regular operations in November 1936, announced on the 1st June of the following year the inauguration of a direct Peiping-Tokyo service. Thereupon Nanking issued an order forbidding this service, on the ground that no permit had been obtained from the Central authorities. The company decided to carry on despite the prohibition, basing its non-compliance with the order from Nanking on the fact that it was registered with the Hopei-Chahar Council and that its operation was in accordance with the provisions of the Tangku Truce Agreement relating to through air routes.

The acquisition of land by Japanese nationals in Tientsin and its vicinity was another instance of so-called 'penetration' which aroused suspicion among the Chinese. Their misgivings were increased by attempts on the part of the Japanese military to secure land at the railway junction of Fengtai and at Lukouchiao (the scene of the subsequent outbreak of hostilities), and by suggestions in the local Japanese Press that unemployed Koreans should be settled as agriculturists round Tientsin. Most of the land transactions appear to have been of a commercial and speculative character, due to the growth of Tientsin and the expectation of a rise in land values, but the secrecy imposed by the fact that land outside Treaty Port areas in China could not legally be held in the name of a foreign national, and the consequent uncertainty as to the real extent of the transfers, had the effect of encouraging rumours of political motives—the Chinese fearing that strategically important areas in Hopei might pass into the hands of the Japanese, whose domination of North China would be thereby materially strengthened. On the 20th May General Sung Cheh-yuan issued a decree forbidding, on pain of death, the alienation of land to foreigners, and his example was followed by the Mayor of Tsingtao. On the 2nd June the Seinoen, or 'Sacred Farming Association', a Sino-Japanese enterprise which had secured land at Tungloutsun near Tientsin ostensibly for experiments in improving agriculture, was attacked by a mob and its buildings were burned. The Chinese officials at Tientsin hastily made their peace with the Japanese over the matter and averted serious consequences such as those which had followed the somewhat similar Wanpaoshan affair in 1931.² The incident was a symptom, nevertheless, of the growth of both official and popular hostility to Japanese schemes for the economic penetration of China.

Chinese resentment was naturally even more acute in regard to another matter in which the Japanese activities were of a wholly

¹ *Op. cit.*, *loc. cit.*

² See the *Survey for 1931*, pp. 434-5.

illicit nature. The circumstances of the smuggling scandals in North China were dealt with in some detail in the *Survey* for 1936.¹ In 1937 the smugglers continued their activities, but, accompanying the re-assertion of the Central Government's authority in North China, there was at the same time a marked recovery in the preventive measures taken by the Chinese officials on the spot. The Customs cordon round the demilitarized zone between China and 'Manchukuo' was tightened, and large seizures were made of illicit goods *en route* to places in the interior, although Customs officers continued to suffer violence at the hands of Korean 'gangsters'. In some instances the latter were paid back in their own coin, as in the case which occurred in March at a place south of Tientsin, in which trucks containing smuggled sugar were fired on by a detachment of the Peace Preservation Corps (Paoantui) and two Koreans were killed. Japanese demands upon General Sung for compensation and for guarantees against similar occurrences were merely referred by him to the Superintendent of Customs, and when two months later the Japanese protested to the Central authorities against an increase in the strength of the salt-revenue guards at Tsingtao, who were said to be 'oppressing' the Korean inhabitants, the Nanking Government contented themselves with replying that no foreign Power had a right to interfere with the liberty of the Chinese Government to move troops as they pleased within their own territory.

There were indications that the Japanese Government themselves, as well as Japanese business circles, would have been glad to see the end of a 'special trade'—to give it its Japanese name—which was not worth the obloquy that it brought upon Japan from Chinese and foreigners alike. It damaged legitimate Japanese trade both by unfair competition and by causing a glut in the North China market. It was becoming increasingly evident, moreover, that even if, in spite of the re-assumption of effective authority by the Chinese officials, the 'special trade' could be maintained, it would not bring about its ostensible object of inducing the Chinese Government to lower the Customs tariff. Japanese civilian elements had little power, however, to enforce their point of view in local matters in North China, and the militarists on the spot were evidently not prepared to reverse the policy of giving support to the smugglers when they came into collision with the Chinese preventive service. Accordingly this question continued to be a fertile cause of friction up to the time of the Lukouchiao affair.

The last of the causes of Sino-Japanese dissension in North China

¹ See pp. 911–13.

to which reference must be made had to do with the traffic in narcotics. At the twenty-second session of the League of Nations Advisory Committee on the Traffic in Opium and other Dangerous Drugs which was held in Geneva on the 24th May-12th June, 1937, Mr. Fuller, the American delegate, made a report which represented that, whereas the Chinese Government were making a sincere effort to reduce the production of opium and had met with no little success in provinces free from Japanese influence, that influence had brought the drug traffic in its train in all the regions to which it extended. In 'Manchukuo' the area under lawful opium-poppy cultivation had increased from 133,333 acres in 1936 to 156,061 acres in 1937, and in the same period had produced an increase of 28 per cent. in revenue. The Japanese occupation of Northern Chahar had been accompanied by a forced increase of opium-poppy cultivation, while morphine factories had been established in Changpei and Kalgan. The author of the report quoted a statement by Major-General Kita on the Inner Mongolian situation in which that officer wrote:

Reports that these Mongols are too poor to buy tanks, armoured cars and munitions are untrue, for they have assets such as a vast opium harvest. We have been paid in kind.

Mr. Fuller went on to declare that the province of Hopei had become the seat of the world's most extensive manufacture of illicit heroin, the trade in which was 'engineered and controlled by Japanese and Koreans'. He confirmed Chinese statements that

illicit traffic in manufactured drugs is rapidly extending down the railways from Hopei Province towards the Yangtse River, due to the energetic work of Japanese and Korean pedlars.

Russell Pasha, the Egyptian representative, speaking in confirmation of Mr. Fuller's statements, quoted a description of the situation which he had received from an eyewitness in North China.

The Japanese Concession in Tientsin is now known as the nerve centre of heroin manufacture and addiction of the world. Not less than 200 heroin factories are scattered over the Japanese Concession, which is only about four square miles in size. Over 1,500 Japanese experts and 10,000 Chinese workmen are engaged in the manufacture of heroin. As the business is extremely profitable and the supply of raw material abundant, new factories are starting daily. . . . We should not be far short of the mark if we said that 90 per cent. of all the illicit white drugs of the world are of Japanese origin, manufactured in the Japanese Concession of Tientsin, around Tientsin, in or around Dairen or in other cities of Manchuria, Jehol and China, and this always by Japanese or under Japanese supervision.

Mr. Yokoyama, the Japanese delegate, could offer only a lame reply to this indictment, though the Japanese military authorities in North China were vehement in declaring that the report grossly exaggerated the facts and that the manufacture of acetic acid by Japanese concerns in Tientsin was mainly for legitimate commercial purposes.

The findings of the League Committee led to an unwonted activity on the part of the Japanese Consular police in rounding up drug addicts in the Japanese Concession and in co-operating with the Chinese police in the apprehension of Japanese nationals engaged in the manufacture and sale of drugs. But in the meantime the official promotion of the drug traffic in Japanese-controlled territories, which, on the evidence of the reports to the League Committee, put those areas on a level with some of the worst of the Chinese provinces in the days of the former Chinese war-lords, gave to the leaders in China an efficacious, if not a legitimate, opportunity of stirring up national feeling against Japan, and enabled it to be said with every appearance of justice that the Japanese position in Manchuria, Inner Mongolia and North China was not only a political menace but also a grave moral danger to the Chinese population.

Such was the general situation in North China during the first half of 1937. Outwardly more peaceful than in the preceding year, the relatively quiet atmosphere was belied by a rapid fall in the political barometer. Signs of the coming storm could be seen in alarmist rumours in the local Japanese Press of plans on the part of Nanking to make sweeping changes in the personnel of the North China officials and military forces as a prelude to hostilities against Japan. These reports duly produced the effect of preparing the public in Japan for another crisis in relations with China. The Chinese Press, on the other side, was prone to exaggeration and showed a tendency to put the worst interpretation on every Japanese action, while displaying the utmost scepticism as to the possibility of a peaceful solution of the problem. The tension which was thus created led almost inevitably to an outbreak of hostilities which forms the subject of the next part of this chapter.

(2) From the Lukouchiao Incident to the Opening of General Hostilities

Having reviewed the conditions in North China which made an open clash between the Chinese and Japanese likely, if not inevitable, we come now to the proximate cause of the outbreak. The incident which actually started the fighting was an affray between a detachment of the Japanese North China Garrison troops engaged in night

manœuvres some miles to the west of Peiping and a Chinese military post, and we must in the first place consider the position of the Japanese troops in North China, which made such an incident possible.

By the terms of the Tangku Truce of the 31st May, 1933,¹ the Japanese forces which had invaded Hopei province had been withdrawn to the line of the Great Wall. Very conveniently, from their point of view, the Japanese were, nevertheless, entitled by treaty to keep a garrison in North China. By the terms of the Boxer Protocol of the 7th September, 1901, and of the subsequent Identic Notes, providing for the dissolution of the Tientsin Provisional Government, they shared with the other signatory foreign Powers the right to maintain troops in that area in order to furnish a Legation guard in Peking and to ensure that communications should be kept open in time of trouble between the capital and the sea. As was recorded in the *Survey for 1936*,² the Japanese had stretched this privilege to the point of increasing their force from the customary strength of a few hundred men to about 6,000, transforming it thus into what was virtually a small army of occupation. The preservation of order was still, however, the function of the Chinese Government, and the Japanese could not but acquiesce in the presence of Chinese troops in the same area, though they had in fact dictated to the Chinese Government the selection of the military units to be used for the purpose and had compelled the withdrawal of practically all Chinese troops except those commanded by their *protégé* General Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council.

The Japanese abuse of the rights accorded by the 1901-2 agreements was not confined to the numerical expansion of their forces; they employed the latter in a manner which was entirely contrary to the intention, if not to the letter, of those instruments.³ The Japanese military carried out large-scale manœuvres, organized parades of infantry, tanks and artillery through the streets of Peiping, flew military aircraft over the city and behaved generally as though the country were their own.

¹ See the *Survey for 1933*, pp. 481-2.

² See p. 913.

³ The text of the paragraphs of the Identic Notes, which dealt with the location of the foreign garrison troops and their right to carry out field exercises, rifle practice, &c., was somewhat loosely worded and could, on a purely legalistic reading, be adduced with almost equal plausibility to vindicate or to impugn the right of the Japanese to act as they did. Other foreign Powers had gone outside a strict interpretation of the text as regarded restrictions on the movement of the foreign garrison troops, but their action had had no other motive than to secure better conditions for routine training of garrison troops and admitted of no possible comparison with the Japanese procedure.

As was inevitable, this licence on the part of the Japanese military authorities had led to continual friction. In the rural districts the villagers resented the forcible occupation of, and the damage done to, their property by Japanese troops manœuvring over the country; Chinese citizens in Peiping complained of overbearing and sometimes violent treatment at the hands of Japanese soldiers, and there were not infrequent *fracas* between Chinese and Japanese troops.

The opening days of July, which incidentally brought an intense heat-wave over both China and Japan, saw Peiping disturbed by rumours of impending disorders. Arrests were made of suspicious characters observed loitering near the offices of the Hopei-Chahar Political Council, and some of the accused were alleged to have confessed that they had been bribed to start disturbances in order to interfere with the choice of delegates to the National People's Congress.¹ A state of semi-martial law was declared, and units of the Twenty-Ninth Army were moved to Peiping and its environs. Part of the Thirty-Seventh Division of that Army, commanded by General Feng Chih-an, was stationed at Lukouchiao, where the famous Marco Polo Bridge² crossed the Yungting River, and at Wanping, another small walled town near by. These places lay about twelve miles west of Peiping on the Peiping-Hankow railway and near the point where a short transverse line connected that railroad with the line from Peiping to Tientsin and Shanghai, which it joined at Fengtai junction. In this area of obvious strategic importance, and in an atmosphere of tension and uncertainty, the Japanese elected to hold night manœuvres which included a mock attack upon Marco Polo Bridge.

The Japanese official version of what occurred on the night of the 7th-8th July, 1937, and immediately afterwards was that some of the troops engaged in these manœuvres were without provocation fired upon just before midnight by Chinese troops in Lukouchiao, several officers and men being killed and wounded. The Japanese troops, it was stated, were supplied only with blank ammunition except for a reserve of one live cartridge per man, and though they stood their ground they were unable to retaliate until reinforce-

¹ See p. 175, above.

² This bridge, with its twelve piers surmounted by pairs of stone lions, was originally built about A.D. 1190, and was mentioned by Marco Polo when he wrote his travels a century later (hence the name by which it became known to foreigners in China). Destroyed by floods, it was rebuilt by the Emperor Kang Hsi and repaired, as the tablets preserved in its terminal pavilions attest, by Ch'ien Lung. Already once in its history it had been the scene of an incident leading up to a change of régime in China, the mutiny of the troops guarding the bridge having opened the way for the capture of Peking by Chinghis Khan in 1215.

ments had been summoned. Meanwhile they were subjected to a further assault early on the morning of the 8th July by rifle and trench-mortar fire. Every endeavour, it was claimed, was made to prevent an extension of the conflict by means of consultation with the higher Chinese authorities, but an undertaking by the latter to withdraw the Chinese troops which had been involved at Lukouchiao was not kept, and the troops resumed their firing on the Japanese until they were finally expelled from their position with heavy losses by a Japanese counter-attack when the reinforcements had arrived.

The Chinese account, as given in the statement submitted by the Chinese Government to the League of Nations on the 30th August, 1937, may be quoted verbatim:

On the evening of the 7th July, Japanese troops held illegal manoeuvres at Lukouchiao, a railway junction of strategic importance in the vicinity of Peiping, where their presence could not be defended under any existing treaty or agreement. Alleging that one Japanese soldier was missing, Japanese troops demanded after midnight to enter the adjacent city of Wanping to conduct a search. When permission was refused by the Chinese authorities, the Japanese suddenly opened an attack on Wanping with infantry and artillery forces, and thus the Chinese garrison was compelled to offer resistance.

On any broad view of the facts the Japanese militarists in North China, by their mere presence there, by their domineering behaviour towards the Chinese authorities, and by what could only be regarded as a deliberate 'trailing of their coats', convicted themselves of being the primary authors of the conflict which grew out of the Lukouchiao incident. On the relatively minor issue of the responsibility for the incident itself, the evidence was conflicting and inconclusive and it was hardly possible for an impartial observer to determine whether it had been deliberately provoked by one side or by the other—for the Japanese Government did not hesitate to assert that, so far from Japan being responsible for the clash, there was 'no room for doubt that the present incident has been brought about as the result of a well-planned armed operation against Japan'. The view of the British Government on this point was given by Mr. Eden on the 19th July, when he informed the House of Commons that 'all the indications encourage us to believe that the present situation [in North China] . . . was not deliberately provoked by either Government'. Again, the Sub-Committee of the Far East Advisory Committee of the League of Nations,¹ when it investigated the facts, did not attempt to pronounce on the responsibility for the Lukouchiao

¹ See pp. 281–4, below.

affair, although it came to the conclusion that Japanese action in China from the beginning of the conflict onwards constituted a breach of Japan's treaty obligations towards China and other states.

Not unnaturally, however, the Chinese Press and Chinese Government spokesmen strongly maintained the view that the Lukouchiao incident was purposely brought about by the Japanese in order to create an excuse for tightening their grip upon North China, and in support of this view analogies were drawn between what happened at Lukouchiao and what had happened at Mukden on the 18th September, 1931.¹ In making a correct comparison it was necessary, however, to note an essential point of difference. In 1931 the Japanese struck an immediate and crushing blow, which in twenty-four hours gave them control of Mukden and other key points. After the Lukouchiao affair of the 7th-8th July, 1937, they were patently unprepared for any such lightning move, and a considerable time passed before it became obvious that the situation was going to develop into a wider conflict. In fact, until towards the end of July the fighting remained a matter of local skirmishes, with neither side gaining a marked advantage, while discussions for a settlement were proceeding simultaneously.

It is to these discussions that we must now turn our attention. They took place between the Japanese military command in North China and the Chinese authorities in Peiping and Tientsin, and it was an unfortunate coincidence that at the time when they started the Japanese Commander-in-Chief, Lieut.-General Tashiro, who, it was understood, had been appointed with supreme control in order to put an end to the division of military authority in North China, was on his deathbed, so that the direction of affairs was in the hands of subordinates during a crucial period. On the 10th July the Japanese presented their terms to the authorities in Peiping, through Colonel Matsui, the chief of the Special Service Department of the garrison troops. They were understood to call for official Chinese apologies for the action of the troops at Lukouchiao, the punishment of the responsible officers, the withdrawal of Chinese troops from the immediate area and their replacement by a detachment of the Peace Preservation Corps (Paoantui). The Japanese took this opportunity to reiterate their demands for the suppression of Communism and the enforcement of control over anti-Japanese movements. According to their statements all the terms were accepted. This was, however, later denied by General Chang Tsu-chung, the Mayor of Tientsin, who, in the absence of General Sung Cheh-yuan,

¹ See the *Survey for 1931*, pp. 438 *seqq.*

was the principal Chinese representative. An official *communiqué* issued in Nanking on the 11th July, while admitting that an agreement had been concluded, described it as providing only for the cessation of hostilities and the withdrawal of the troops. The withdrawal did not, in point of fact, take place, and there was reason to suppose that the Chinese Twenty-Ninth Army, who were doubtless considerably under the influence of the doctrines of the National Salvationists and student bodies, were no longer prepared, now that they had 'tasted blood', to humiliate themselves by accepting from the civil authorities any order to retreat.

The scene of negotiations shifted next to Tientsin, where the Japanese endeavoured to obtain the adhesion of General Sung Cheh-yuan, who had now returned from sweeping his ancestors' graves in Shantung. General Sung, who arrived in Tientsin on the 12th July, at first endeavoured to avoid compliance with the Japanese demands, but on the 18th he met the new Japanese Commander-in-Chief, General Katsuki, at the Japanese Military Club, where he was understood to have apologized personally for the behaviour of the Twenty-Ninth Army, to have 'virtually assented' to the implementing of the terms of the agreement of the 11th July, and to have concurred in the removal from Peiping of the Thirty-Seventh Division, which had been implicated in the recent clash. On the following day General Sung returned to Peiping, where he stayed till he resigned his post of Chairman of the Hopei-Chahar Political Council on the 28th July. In the interval the Council, according to a statement by the Tokyo War Office, confirmed the terms of the Sung-Katsuki agreement. These were referred to the Government in Nanking on the 22nd July, and received their confirmation two days later.

While in the North the Japanese military were conducting these negotiations with the aim of expelling the Chinese troops which had had the effrontery to challenge them, and of eradicating once for all the Communist and 'anti-Japanese' elements, in Nanking diplomatic exchanges were taking place between the accredited agents of the two Governments concerned. Here the principal Japanese object was to prevent the participation of the Nanking Government in the North China affair either by the sending of troops or by intervention in the negotiations for a settlement.¹ The Nanking Govern-

¹ The Japanese arguments in support of the demand that a settlement of the position in North China should be negotiated directly with the local authorities in Hopei were specified in *Japan in China: her Motives and Aims*, a book by a well-known Japanese writer on international affairs, Mr. Kiyoshi Kawakami, published by John Murray in 1938. Mr. Kawakami wrote:

'Japan insisted upon peaceable local settlement of this matter: (1) because

ment had, however, lost no time in making it clear that they would not tolerate their exclusion from the negotiations for a settlement. As early as the 12th July they had notified the Japanese that no agreements made by the local authorities in the North would be accepted as valid unless they had been approved by the Central Government. At the same time, Government troops from the Yangtse Valley began to advance northwards, though the movement was conducted in a somewhat leisurely manner.

The Japanese replied by subjecting the Nanking Government to a steady increase of pressure, which was exercised through the Japanese Embassy. Representations which began with mere 'advice' to refrain from interference in the affairs of the North and to cease from military movements, culminated in the delivery on the 19th July, by the Japanese military *attaché* to the Chinese Minister of War, of a 'last warning' in which the Tokyo authorities demanded the recall of the Government forces and declared that, if Government troops or aeroplanes made their appearance in Hopei 'in violation of the terms of the Ho-Umetzu Agreement',¹ the Japanese Government would take appropriate action. A time-limit was set within which an answer was required to be given.

The Nanking Government's reply to this virtual ultimatum was to the effect that the arrival of Japanese reinforcements in North China necessitated measures of self-defence, but that China desired to avoid any aggravation of the situation; it was proposed that a date should be fixed for the cessation of military movements on both sides and for the withdrawal of forces to the positions occupied before the 8th July, and it was suggested that the two Governments should immediately enter into negotiations for a settlement through regular diplomatic channels. However conciliatory in tone, this reply did not concede the essential point in the Japanese demands, namely non-interference in the conflict in North China. Moreover the Central Government in China, during the period since the outbreak of trouble, had given intimations in other directions of their resolution not to capitulate to pressure from Tokyo. A *communiqué* issued by the Chinese Embassies abroad on the 13th July had informed the world that China was 'determined, if necessary, to resist at all costs further

the preservation of the local autonomy enunciated by the Hopei-Chahar Political Council was deemed essential to peaceful, normal relations between North China, Manchukuo, and Japan; (2) because the increasing extension of Nationalist influence in North China meant Communist and "Blue Shirt" inroads; (3) because such a condition will lead to the joining of forces between these disturbing elements and the Red régime of Outer Mongolia.'

¹ See the *Survey for 1935*, vol. i, p. 326.

encroachment upon her territory and sovereign rights'. Three days later the Government addressed an appeal to the signatories, Japan excepted, of the Washington Nine-Power Treaty and to the other Powers interested in the Far East. The memorandum, after describing the actions of Japan as a violation of her international covenants and expressing Chinese willingness to settle the dispute 'by any of the pacific means known to international law and treaties', went on to state that China was 'bound to control closely the basis of settlement since it is a well-known tactic of the Japanese military to promote disruption in North China by insisting upon overawing the local authorities'. This policy of Japan, the note continued, intensified the disruptive process in North China; hence the issues raised were national and not merely local, as the Japanese wished to represent.

Perhaps the plainest clue to the temper aroused in China by the events in the north was contained in a speech by General Chiang Kai-shek to a group of officials and educationists at Kuling on the 19th July, in which he defined in concrete terms the attitude of the Chinese Government. He began by asserting that there was ample evidence that the Lukouchiao incident had been engineered by the Japanese in order to provide a pretext for achieving their objects in North China, namely the enlarging of the concessions which they claimed in North China in virtue of the Tangku Truce terms, the expansion of the limits of the independent East Hopei administration, and the expulsion of General Sung Cheh-yuan and of the Twenty-Ninth Army. To have given way to the Japanese at Lukouchiao would, he said, have meant allowing their armies to march at will over Chinese territory, a humiliation which 'no country in the world with the least self-respect could accept'. Then the speaker reviewed the successive stages of Japanese penetration in China—the seizure of the four North-Eastern Provinces, the conditions imposed by the Tangku Truce and finally the threat to the ancient capital of China.

If [he said] we allow the bridge to be occupied by force, the Peiping of to-day will become a second Mukden . . . and what is to prevent Nanking becoming a second Peiping? . . . If we allow one inch more of our territory to be lost we shall be guilty of an unpardonable crime against our race.

China, General Chiang continued, still hoped for peace, but there were certain minimum conditions which must be observed in any settlement. These conditions were the preservation of China's territorial and sovereign rights, no alteration in the status of the

Hopei-Chahar Political Council, no removal, through outside pressure, of local Government officials, and no restrictions on the dispositions of the Twenty-Ninth Army. At the same time he warned his listeners that, if war came, it would mean fighting to the bitter end and that they must realize the extent of the sacrifice which this would involve.

The impression left by the Generalissimo's speech was that he did not wish to slam the door upon a peaceable settlement, and was anxious to restrain the war party in China from precipitating a clash, but that he had come to the point of setting an explicit and irrevocable limit to concessions to Japan.

The position at the beginning of the third week in July was, therefore, that, in the North, the Japanese had extorted from the Political Council in Peiping an acquiescence in their terms, and were waiting to see whether the troops of the Twenty-Ninth Army would accept the Council's orders and withdraw from Hopei, while in Nanking they were still trying to cow the Central Government into non-interference. The Chinese Government on their side were still playing for peace up to the last moment, but were taking a firm stand on their inalienable right to be treated as the supreme authority in China and to have the final word in any arrangement concerning the affairs of the northern provinces. As for the military situation, sporadic outbursts of fighting on a small scale were continuing to occur at various points in the Peiping neighbourhood. The Japanese had reinforced their North China army with troops brought from both Japan and 'Manchukuo', while a considerable force of Chinese Central Government troops had been transferred towards the Hopei border, and small detachments had reached points within twenty miles of the Japanese positions at Fengtai on the Peiping-Tientsin railway.

The development of the situation during the four days 21st-25th July gave better hope of a peaceful settlement. The recalcitrant Thirty-Seventh Division, whose retirement from the vicinity of Peiping had been one of the chief stipulations in the Sung-Katsuki agreement, began to withdraw, and some two thousand men actually left Peiping for Paoting in the south. On the 24th, moreover, the Nanking Government, as mentioned already, gave their adherence to the conditions for a settlement which had been arranged with General Sung Cheh-yuan. Fighting round Peiping came to a stop. Large reinforcements from Japan which had arrived off Tangku on the 22nd were kept on board ship instead of being disembarked, and the Tokyo 'war bulletins' expressed the confidence of the Japanese War Office in an early settlement of the whole dispute.

It thus still seemed possible at this juncture that the two national

Governments might effect an understanding which would avert war. But on both sides the hands of the responsible statesmen were being forced by the military on the spot. On the Japanese side the North China Garrison showed a determination not to allow relations to be restored until they had duly chastised the despised Chinese troops which had dared to oppose them; and through their delegate, Colonel Wachi, who was summoned to Tokyo for consultation, they pressed on the Government the view that no satisfactory settlement could be made until 'effective measures had been taken against Chiang Kai-shek'. On the Chinese side there was the Twenty-Ninth Army to be taken into account. General Feng Chih-an, the Commander of the Thirty-Seventh Division, and many of the junior officers were clearly bent on resistance, and the troops showed a marked reluctance to complete the withdrawal from the Lukouchiao area which had been agreed upon, although there was no evidence of positive disobedience to orders.

Exposed on the one side to the relentless pressure of the Japanese, and threatened, on the other, with insubordination among his own junior officers, General Sung Cheh-yuan was fast impaled on the horns of a dilemma. His attempts to curb the impatience of the Japanese garrison troops by insisting that the Chinese withdrawal should be conducted in a manner which would give the appearance of being voluntary were met only by fresh demands for the speeding up of the movement. In the meantime the arrival from Nanking of the Vice-Chief of the General Staff, General Hsiung Pin, ostensibly for the purpose of obtaining particulars concerning the actual terms of the recent agreement, helped to increase the friction; for the Japanese believed, or pretended to believe, that his real purpose was to incite the Twenty-Ninth Army to further resistance. Thus the intransigence of the military men on the spot defeated the last faint chance of restoring the situation, which from this time, namely the beginning of the last week of July, took a swift and decided turn for the worse.

On the evening of the 25th July a company of Japanese infantry sent to Langfang (a railway station about halfway between Peiping and Tientsin), allegedly for the purpose of repairing a military telephone line cut by the Chinese, were, according to the Japanese statement, treacherously attacked while eating their dinner by Chinese troops belonging to the Thirty-Eighth Division stationed at Tientsin. The Chinese account of the incident was that thirteen hundred Japanese troops attempted to detrain at Langfang and that, when the Chinese troops refused to permit this, the Japanese opened the attack.

The Chinese force was defeated after an intensive Japanese bombardment from the air. At the same time fighting broke out anew at Wanping. On the following day General Katsuki presented an ultimatum blaming the Chinese for the recent incidents and demanding that their troops should withdraw from Lukouchiao by noon on the 27th July, and that the whole of the Thirty-Seventh Division should retire across the Yungting River, as a first step to being transferred to Paoting. In the event of non-compliance with these demands the Japanese Army would take 'any action which it might deem appropriate'.¹

Meanwhile trouble broke out in Peiping itself. At 7 p.m. on the 26th July several hundred Japanese troops who had been sent from Fengtai nominally, at least, as reinforcements for the Embassy Guard arrived at the south-west gate of the city. The Chinese officer at the gate at first refused them admission, but later the gate was opened and the Japanese began to march in. What happened next was, as usual, the subject of conflicting reports. The Japanese declared that, when only a few of their troops had entered, the Chinese soldiers suddenly closed the gate and attacked those who had penetrated into the city, most of whom were killed, since their comrades outside had no means of helping them. The Chinese affirmed that the firing was started by the Japanese. Two days later the Japanese carried out an intensive air bombardment of the Chinese cantonments to the south and west of Peiping, the so-called Nanyuan and Hsiyuan, and drove out the Twenty-Ninth Army troops which were in occupation.

¹ In order to make the course of events clearer it may be well to describe the disposition of the Chinese troops in the North China area. Of the four divisions under the command of General Sung Cheh-yuan, the Thirty-Seventh Division, which was involved in the early engagements, had been stationed in Peiping and in the various military cantonments (known as *yuan*) situated on three sides of the city. At the time in question this division was in the process of being transferred, to meet Japanese demands, to Paoting in Hopei Province about seventy miles to the south. The Hundred-and-Thirty-Second Division, with its head-quarters at Paoting, was being brought up to replace the Thirty-Seventh, and had taken over, at Nanyuan, the cantonment south of Peiping. The Thirty-Eighth Division was, as stated above, at Tientsin, where it was separated from Peiping by the Japanese troops stationed along the railway. The Hundred and Forty-Third Division was in Chahar, whose governor was its commander. These four divisions constituted the Twenty-Ninth Army. In addition to these troops there were at Paoting some fragments of Chang Hsüeh-liang's old 'North-Eastern Army', which had recently been transferred to Central Government control. Lastly there was the vanguard of the forces sent north from Nanking, which, by General Sung Cheh-yuan's orders, remained halted for the most part in the southern part of Hopei province.

A statement issued by the Chinese Embassy in London on the 26th July charged the Japanese military with deliberately fomenting incidents at a time when Nanking had already agreed to the 'extreme and provocative terms' arranged with General Sung,¹ and attributed to them the intention of imposing a new set of heavy demands designed to divorce Hopei and Chahar from the rest of China. In support of this interpretation of the incidents of the 25th-27th July there was the obvious fact that, although Langfang was one of the points specified in the Boxer Protocol as a station for foreign troops, the action of the Japanese in sending troops to occupy it at this particular moment, and still more the attempt to enter Peiping, was inviting trouble. Moreover, the ultimatum presented to General Sung laid down conditions which were scarcely capable of fulfilment in the time allowed. It seemed at least very probable that the North China Garrison, which by now had its forces disposed in strategic positions interspersed between the various Chinese divisions, had resolved to inflict a crushing blow before any Central Government reinforcements could arrive on the scene. Already on the 25th it had been announced by the Minister for War in Tokyo that, in view of the recalcitrance of the Chinese troops in North China, the Japanese Army had resolved on 'punitive action'. What this meant became evident when on the morning of the 27th the Japanese annihilated by aerial attack a detachment of Chinese troops at Tungchow which had for some time been isolated there and, though short of rations, had refused to retire, and when on the next day they bombed, as already related, the troops at Nanyuan and Hsiyuan. At midnight on the 27th Colonel Matsui handed to General Sung a formal notice of the Japanese Army's intention to take 'independent action adequate to cope with the situation', declaring at the same time that the attack on Japanese troops at the south-west gate of Peiping was an unforgivable insult, and warning the Chinese troops to evacuate Peiping immediately in order to save the city from being involved in hostilities.

This was followed by a general onslaught upon the Chinese positions north and south of Peiping, as well as at Langfang and Fengtai. The scattered and uncoordinated detachments of the Twenty-Ninth Army were quickly overwhelmed and compelled to retreat after

¹ To quote again from Mr. Kawakami's *Japan in China*, as a mouthpiece for the Japanese view: 'It [the agreement of Nanking] was too late. Nanking itself had cast the die. It had virtually said to the Japanese: "Come on and fight if you dare." It was evident that this eleventh-hour overture was made merely for foreign consumption—to clothe with plausibility the pretence that China wanted peace.'

suffering some fifteen thousand casualties. General Sung, though he had posted a proclamation in Peiping announcing his determination to resist, found his position untenable, especially in view of the defection of Shih Yu-san, the commander of the Peace Preservation Corps. He handed over the Chairmanship of the Hopei-Chahar Council to the Mayor of Tientsin, and left for Paoting. Peiping itself was thus spared the horrors of bombardment and assault.

Although successful round Peiping, the Japanese Army was taken by surprise through the revolt of two battalions of the Peace Preservation Corps at Tungchow in their own 'puppet state' of East Hopei on the day after the bombing by Japanese aeroplanes of the regular troops in that town. The small Japanese garrison left there was overwhelmed, and for two days the mutineers held possession of the city. Beside the garrison, most of the Japanese and Korean civilian inhabitants were massacred, while the Chairman of the 'autonomous Government', Yin Ju-keng, was himself severely wounded, but managed to reach safety. The rebellious troops were quelled by Japanese reinforcements, with some aid from the other local forces which had remained loyal to Japan.

The tables were also turned on the Japanese at Tientsin, where the local Paoantui attacked the Japanese Concession, the aerodrome and the railway stations on the 29th July. The Japanese for some time barely managed to hold their own, and it took several days of severe street fighting, accompanied by air bombing, before they regained control. In the course of their operations the buildings of Nankai University were shelled and burned, on the charge (which the Chinese denied) that they were being used by Chinese armed forces.

The repulse of the Twenty-Ninth Army from the environs of Peiping marked the beginning of general Sino-Japanese hostilities. Although no Central Government troops had as yet been involved, and though the Japanese still spoke of a 'localization' of the conflict, the bitter feeling aroused among the Chinese people made it impossible for the Nanking Government to remain passive in face of the forcible expulsion of Chinese troops and the imminent establishment of Japanese military and political control in North China. Chiang Kai-shek, on the 29th July, declared that negotiations for peace were now no longer possible, unless Japan recognized the minimum conditions which he had laid down in his speech of the 19th. Local settlements, he said, would not be considered, as relations with Japan were a national affair. The Japanese at the same time began the evacuation of their nationals not only from northern cities, but also from places along the middle and upper Yangtse. Their Concession

at Hankow was abandoned on the 6th August in order to avoid a clash in which the Japanese would have been hopelessly outnumbered, and Chinese police took control of the Concession. The Japanese communities also left Changsha, Canton and Amoy. The first clash between the forces of Japan and those of the Chinese Central Government occurred on the 3rd August, when Japanese aircraft bombed troops proceeding by train to Nankow in order to defend the pass.

From this point the record of the development of hostilities in the North will be continued in a separate section.

(iii) The Course of the War in China

(a) THE JAPANESE ADVANCE IN NORTH CHINA AND INNER MONGOLIA

The defeat of the Chinese Twenty-Ninth Army and the conquest of the Peiping-Tientsin area by the Japanese forces marked the end of the preliminary stage of the Sino-Japanese hostilities of 1937. Japan had achieved her expressed intention of avenging the Lukouchiao 'insult'. She still professed to desire to see the dispute 'localized'; but, even if the wish was sincere, matters had already passed beyond the point at which 'localization' was possible. Chinese forces had been moved from Suiyuan into Chahar and had occupied the Nankow Pass twenty miles north of Peiping, while from the south troops had been sent up the Peiping-Hankow Railway as far as Paoting in Hopei, so that the Japanese were faced with a concentration of enemy forces on both their front and their flank.

In an interview which he gave to Press correspondents on the 12th August, General Katsuki spoke of the inevitability of these Chinese troop movements leading to an extension of the sphere of conflict, and admitted that he personally would prefer to take the offensive before the enemy's concentration was complete, although for the time he was under instructions to use restraint in the hope of a peaceful settlement. He had, as a matter of fact, already on the previous day begun an attack on the Nankow Pass, and, even before fighting broke out at Shanghai on the 13th, it was obvious that the last hope of a 'localized' war had vanished.

Released now from the leash, the Japanese forces in North China were at liberty to pursue the objectives at which they had long been aiming, namely the establishment of Japanese control over the

northern provinces and the extension westward of 'the Mongolian corridor'. Their choice of method was largely governed, however, by the physical features of the areas in question, and the account to be given of the North China military operations will be made clearer to the reader by a short description of the geographical setting.

The scene of the North China campaigns of 1937 falls into three natural divisions: the great plain, a region of high mountains flanking the plain on the west, and on the north and north-west the Mongolian plateau with a fringe of broken hill country where it drops down to the plain. To take these divisions singly, the great plain of North China extends from Peiping nine hundred miles southward, broadening as it goes, and merging eventually into the Yangtse delta region. The plain is traversed by rivers and streams, of which the beds, owing to immense deposits of silt, tend to rise above the level of the surrounding country, making the prevention of disastrous floods dependent upon the proper maintenance of dikes. The Yellow River, which was at first presumed to mark the limit at which the Japanese were aiming, is the chief of these natural obstacles. Apart from cart-tracks and a few recently constructed unmetalled roads for motor traffic, there were in 1937 two main lines of communication which afforded natural avenues of advance. First there was the Tientsin-Pukow Railway, running from the northern seaport through Tsinan and Suchow to Pukow on the Yangtse. Second, there was the Peiping-Hankow line, which passed through Paoting, the capital of Hopei Province, and through Shihchiachuang, the junction of a branch railway to Taiyuan in Shansi, crossed the Yellow River to Chengchow and ran on to Hankow. South of the Yellow River ran the only lateral line of communication, the Lunghai Railway. It was to cover this line and the crossings of the Yellow River that the main Chinese lines of defence in North China were designed.¹

On the west of the North China plain lie the loess highlands of Shansi, separated only by the Yellow River valley from the mountains of Honan farther south. An invader coming from the east and wishing to penetrate this mountainous region and to reach Taiyuan, the capital of Shansi, and the valley of the Fen River in which it lies, would be restricted to two main routes. He must descend from Tatung in the north by a road which passes over lofty mountains, along which was built the Inner Great Wall, by way of the Yenmen, Pinghsiang and Juyuehkou Passes; he must thence traverse open country to Taichow, and finally he must surmount the Hsinkou range, which

¹ See pp. 233-4 for a survey of Chinese railway communications in connexion with the war.

merges in the east into the still higher range of Wutaishan. The other route is from Western Hopei following the railway from Shihchia-chuang and leading through the difficult and easily defensible Niangtzukuan Pass. Apart from the lure of the coal and iron deposits of Shansi, the Japanese had decisive strategic reasons for invading Shansi province, for so long as any considerable Chinese force remained unsubdued within its borders an advance into Central China down the Peiping-Hankow Railway, running, as this did, very near to the Shansi border, would be exposed to guerrilla attacks from the highlands. Furthermore, the conquest of Shansi would open the way to the invasion of its western neighbour, Shensi, and to an attack on the section of the Lung hai Railway between Tungkuan and Loyang. It was no accident that the sternest fighting of the northern campaign took place in Shansi.

To the north-west of Hopei and Shansi lies the Inner Mongolian Plateau, accessible from Peiping through the Nankow Pass and the city of Kalgan, along which route runs the Peiping-Suiyuan railway terminating at Paotow, some five hundred miles from Peiping. From Dolonor, on the North Chahar-'Manchukuo' boundary, caravan routes extended fanwise to Kalgan, to Pailingmiao and to Kweihua in Suiyuan, routes easily traversable by cavalry and mechanized forces. The control which the Japanese already exercised in North Chahar and the help to be looked for from the Mongols could be put in the balance against the initial difficulty of forcing a passage through the Nankow Pass.

The only remaining geographical feature which need be taken into account is the Shantung Peninsula on the east, with its central *massif* of low mountains protruding into the plain. Unlike the western mountainous region, Shantung offered no retreat into an impregnable hinterland, since it was open to attack from the coast by an enemy holding the sea. In the event the Chinese took little or no advantage of the strategic possibilities of the Shantung mountains, and serious fighting within the borders of the province was confined to the low-lying regions and formed part of the campaign which was fought on the great plain.

The two national forces which faced each other in this North China area—roughly equal in size and population to France and Germany combined—were very unequal in numbers, equipment and training. On the Chinese side the total number of troops under arms when the conflict began was estimated to be a little below two million. Of these approximately one-tenth consisted of General Chiang Kai-shek's 'Central Divisions', who were the backbone of the national forces of

China, being for the most part well trained with the help of German instructors, well officered, sound in morale and reasonably well furnished with up-to-date equipment. The Kwangsi Army, about one hundred thousand strong, constituted another body of relatively efficient and well-disciplined troops. A similar number of troops of the ex-Communist forces now formed the Eighth Route Army, a hardened veteran force, highly mobile and with many years' experience of mountain guerrilla warfare, but quite inadequately equipped. The rest of China's forces was composed of the various provincial armies, varying in quality, but generally speaking poorly trained and led and commanded by general officers whose loyalty to Nanking could not be trusted too far, since it had had to stand the strain of General Chiang's policy of strengthening the Central Government troops while leaving the provincial forces in a state of calculated neglect.¹ The proportion of the total Chinese forces which were engaged in the North China campaigns of 1937 could not easily be determined, but reports indicated that it amounted to about one quarter of the whole, that is to say some half a million men. Among these were included the whole of the Eighth Route Army and several of the 'Central Divisions'. The great bulk consisted, however, of local provincial units, most of the better troops being retained in the nearer neighbourhood of the capital and a large part of them occupied in the war in the Yangtse Valley.

Lack of modernized equipment was the greatest handicap which the Chinese Army had to face. The 'Central Divisions' were well provided with trench mortars, rifles and machine-guns, but many provincial units were short of these indispensable weapons, while they were so lacking in the commonest accessories of campaigners that, in the case of some of the Shansi troops, the officers did not even possess watches. The whole Army was woefully deficient in medium and heavy calibre artillery. It possessed only about one thousand efficient field pieces in all, with a few heavier German guns which had been purchased shortly before hostilities occurred, and almost all of this ordnance was concentrated in the hands of the Central Government troops. The supply of ammunition was an equally serious problem. At the opening of the conflict China had about twenty arsenals capable of turning out rifles, small-arms ammunition and hand-grenades, but for heavier types of weapons, shells, aircraft and oil supplies she was almost entirely dependent on outside sources. Even when foreign

¹ The former Manchurian troops, which at the time of the Sian incident had been so clamorous for a united front against Japan, proved the least trustworthy of all, and two of their general officers were executed for treason.

supplies were freely obtainable, the variety in the types of the imported material seriously diminished its practical value.

Japan, with her well-equipped first-line Army of a quarter of a million men, backed by trained reserves of a million and a half, possessing a powerful Air Force and enjoying complete naval supremacy, was *prima facie* immensely superior in military strength. In the production of weapons and munitions of war, Japan, unlike China, was virtually self-sufficient, although she had to import a large proportion of the raw materials needed for their manufacture. In short, Japan, while not reaching the standards in mechanized warfare of the greater European Powers, possessed a modern military organization of which China had no more than a nucleus.

The whole of Japan's military strength was not, indeed, available for use in China in 1937. Although, free from threats of foreign invasion, she might safely deplete her garrisons at home, the case was not the same in Manchuria, where, as has been mentioned earlier,¹ the fear of Russian intervention or, it might be, the desire to be in a position to launch an attack on the U.S.S.R. if conditions favoured such a course, caused the Japanese military authorities to lock up a very large force, accounting for a high proportion of the best units of the Army. The number of Japanese troops which, in these circumstances, were actually employed in North China in 1937 was variously estimated at figures between 150,000 and 250,000 men. This inferiority in man-power and the difficulties inherent in operating in enemy territory were outweighed, however, by the great technical advantages—enumerated above—which the Japanese enjoyed and which enabled them, in the early stages of the war, to crush the resistance of the Chinese armies and so to occupy the greater part of the North China area which they designed to bring under their control.

The opening of the campaign was delayed by a typhoon at the beginning of August which put an end to the spell of exceptionally hot and dry weather from which the country had suffered, and brought with it torrential rains which, breaking over Southern Manchuria, disrupted the Japanese communications so that for the best part of a week no troop trains could travel southward. The rains continued to fall heavily throughout the rest of August and most of September and flooded large stretches of country in Hopei, Honan and Shantung, hampering the movement of the Japanese mechanized forces operating on the great plain and throwing both sides back on the use of boats for transport.

In the meantime, however, the Japanese were pushing ahead

¹ See above, p. 153.

vigorously in the direction of the Mongolian plateau. The attack on the Nankow Pass began, as has already been mentioned, on the 11th August, and on the next day the railway station at the foot of the pass was stormed and taken. The difficult terrain, the heavy rains and the stubborn resistance of the Chinese troops in the pass delayed the Japanese advance, and the Great Wall, which crossed the top of the pass, presented a temporary physical obstacle.¹ Press correspondents who observed the fighting on the spot described the devastating effects of modern artillery upon the solid masonry of the Wall.

The resistance was finally overcome by a Japanese flanking movement to the west and by the dramatic arrival at Kalgan, on the Mongolian side of the pass, of a detachment of the Kwantung Army, which, starting from Dolonor, had made a forced march of two hundred miles across Chahar and by its unexpected appearance on the scene caused the local Chinese garrison to retreat into Shansi and the troops in the Nankow Pass itself to withdraw hurriedly, leaving the pass entirely in Japanese hands. By the beginning of September the Japanese had gained control of the railway line as far as Kalgan, and from then onwards they and their Mongol allies met with no further effective resistance in this theatre of war. On the 3rd September the Japanese entered the city of Tatung in Northern Shansi, another hundred miles farther west along the railway; the local Chinese commander offered no resistance and subsequently expiated his failure by facing a firing squad. At Tatung the Japanese Army divided; one force moved southwards towards the Shansi mountain passes with Taiyuan as their goal, while another column, supported by the forces of Prince Teh and of General Li Shou-hsin, pressed on into Suiyuan. At the beginning of October the latter force took Pailing-miao, which readers of the *Survey* will recall as the scene of General Fu Tso-yi's victory in the previous year,² and on the 16th October the Japanese Army entered Paotow, the western terminus of the Suiyuan Railway, 507 miles from Peiping. With remarkable swiftness and at small cost the Japanese Army had attained one of its main objectives, the conquest of Inner Mongolia.

The Mongolian campaign bore fruit for the Japanese in another direction. Through their capture of the Nankow Pass they had removed any danger of the Chinese cutting their communications from the north-west, and had set themselves free for the advance south-

¹ It was one of the curiosities of history that the Great Wall, which had been built to protect China from incursions from Mongolia, was now being used by the Chinese as a rampart against an enemy approaching from the south.

² See the *Survey for 1936*, p. 916.

ward along the Peiping-Hankow and the Tientsin-Pukow Railways, which was to be their principal war operation. Here they had to reckon with two bodies of Chinese troops, those which had been driven from Tientsin and its neighbourhood and had since then fallen back some thirty-five miles south to Machang, and the rest of the Twenty-Ninth Army who, reinforced by other units of the old *kuominchun* and by some ex-Manchurian troops, were now holding the line of the Yungting River fifteen miles to the south-east of Peiping, with their left flank extending into the Western Hills. The Japanese launched their first attack on the Chinese right flank at Machang, which was taken on the 11th September. Then General Terauchi, who became Commander-in-Chief of the Japanese Army in North China on the 15th September, attempted an enveloping movement. A Japanese column moved across country from Machang with the aim of rolling up the Chinese front along the Yungting River, while a second force made a determined onslaught against the Chinese left wing. But the rapid retreat of the Chinese main body, covered by a stubborn resistance on the part of the rearguards and aided by the sodden state of the country, foiled the Japanese hope of a victory on the Tannenberg model. The series of actions which these operations entailed ended on the 18th October with the Chinese in retreat down both railways, after they had lost in the fighting about six thousand killed. Paoting, the capital of Hopei, was occupied by the Japanese on the 24th September.

In the Peiping-Hankow Railway area the Chinese now made their stand along the Puto River in front of the railway junction of Shihchiachuang, in order to defend the passes into Shansi. There they established themselves along a forty-mile line, protected by the swollen river and by previously constructed entrenchments. Once more General Terauchi attempted an enveloping movement on the typical German plan. While the Japanese right wing fought its way across the Puto River and turned the Chinese left flank, another Japanese force crossed one hundred and twenty miles of Central Hopei, partly in boats, appeared on the Chinese right wing and caused it rapidly to crumple. With both flanks gone the Chinese centre around Shihchiachuang collapsed. On the 10th October the Japanese entered Shihchiachuang. Their efforts to surround their enemy in the field had again failed, but they had put an end to the Chinese defence of Hopei and they had now little resistance to meet in their further progress down the Peiping-Hankow Railway into Northern Honan. In November, however, the movement came to a standstill owing to the withdrawal of troops from this front, some to take part in the

drive on Nanking, and others to proceed to the help of the hard-pressed contingent in Shansi. The relics of the Chinese Twenty-Ninth Army had now betaken themselves away from the railway to Taming, a country town in South-Eastern Hopei, which they made a centre for raids on the Japanese communications, until they were driven out by a Japanese column which took Taming in mid-November.

The succession of easy victories which gave the Japanese possession of the lowland province of Hopei stands in sharp contrast to the prolonged and desperate struggle which they were being compelled to wage in the mountains of Shansi. Of the alternative routes into this province which have already been described, it was by the northern avenue that the Japanese, after their capture of Tatung at the beginning of September, endeavoured first to reach Taiyuan. When the Japanese force from Mongolia reached the Yenmen and neighbouring passes, it came into conflict not only with the untrustworthy Shansi provincial levies, but also with the Eighth Route Army, which under Chu Teh had crossed the Yellow River from the neighbouring province of Shensi to assist in the defence of Shansi, and which found itself operating in mountainous regions well suited to the mobile tactics for which it had become famous. At the end of September a Japanese division, which had advanced into the most easterly of the passes, was badly cut up by the Communist forces. The Japanese centre and right succeeded, however, in crossing the mountain barrier at Juyueh-kou and compelled the Chinese to fall back to the next line of defence along the Hsinkou range. In their advance they left part of the Eighth Route Army in their rear. This force having been joined by Central Government troops with artillery and aircraft, the Chinese opened a general offensive. The forces which had retreated now attacked the Japanese front, while the Communists in the rear cut their communications with Tatung. For some days in October the Japanese Army was threatened with destruction. It eventually saved itself after stubborn resistance and after a relieving force from Tatung had fought its way through to its assistance. Its attack on Taiyuan from the north had, however, been brought to a halt for the time being.

There remained the alternative route from Western Hopei through the Niangtzukuan Pass, and this had been laid open by the Chinese defeat at Shihchiachuang which has already been mentioned. On the 13th October the Japanese began their advance into the defile, but the natural difficulties, combined with a spirited Chinese defence, rendered futile the attempt to carry the pass by direct assault. Pur-

suings their customary tactics, the Japanese sent troops to outflank the pass from the south. This detachment, after traversing country in which, as a Japanese officer remarked, 'even monkeys would find an advance difficult', fought its way to the rear of the Chinese defenders, who had to abandon their positions on the 26th October. The capture of the pass enabled the Japanese Army from Hopei to debouch into the Taiyuan plain and to co-operate with their comrades who had tried to get in from the north in attacking the Chinese forces at Hsinkou. The Chinese Army gave way under the dual assault and retreated southwards. A devoted garrison, reported to be under the command of Fu Tso-yi, was left, however, to hold the capital to the last. They refused the call to surrender, and the Japanese were obliged to breach the walls with their artillery and to take Taiyuan by storm. This they accomplished on the 9th November. The Chinese garrison was practically annihilated and a large part of the town destroyed. The fall of the provincial capital did not, however, leave the Japanese in unchallenged control of Shansi. Their lines of supply from Tatung and Shihchiachuang were constantly raided, and Communist forces, which had established themselves in the fastnesses of Wutaishan, maintained guerrilla attacks upon them in both Shansi and Hopei. Thus harassed, the Japanese troops, weakened by the drafting of men to take part in the operations against Nanking, could for some time do little more than stand on the defensive in the larger towns, undertaking occasional retaliatory excursions into the countryside, and it was not till the end of the year that the province as a whole was in effective Japanese occupation.

We must now turn from the developments in the west to those in the east and consider the course of events in Shantung. After the fall of Machang the Japanese advanced down the Tientsin-Pukow line in early October and crossed the provincial border into Shantung. They met with little serious resistance in this region, but were still much hampered by the floods which covered almost the whole of the area between the sea and the railway as far down as the delta of the Yellow River, as well as a strip of territory on the west of the railroad. These great inundations were due partly to the weather, which, as already stated, was abnormally wet, but partly also to deliberate breaching of the dikes. In November the Japanese reached the Yellow River opposite Tsinan, the capital city of Shantung. They were naturally anxious to avoid the use of force in the seizure of a province in which there were such large Japanese economic interests, and they doubtless hoped that the Governor, General Han Fu-chu, would either join them or at least remain neutral. In fact, General Han, while repeating

his professions of loyalty to Nanking, offered no effective resistance. He and his army of sixty thousand men were not, however, the only factor to be considered: General Yu Hsueh-chung, formerly Governor of Kansu, who had been moved to Shantung in consequence of his dubious attitude during the Sian affair of 1935, had a further force of forty thousand men astride the Tsingtao-Tsinan Railway, while Admiral Shen Hung-lieh was at Tsingtao itself with five thousand marines.

In pursuance of their local policy of 'non-provocation', the Japanese refrained also from any attempt to land troops on the exposed sea-coast of Shantung. The situation altered, however, in August, when a state of high tension arose at Tsingtao through the shooting of two Japanese sailors, supposedly by Chinese. The Japanese evacuated their nationals, and on the 28th August all the Japanese property at the port, including a considerable number of cotton-mills, was sealed and an inventory handed to the Chinese authorities, who assumed responsibility for its protection. Matters remained in this state until the 18th December, when, apparently on orders from Nanking, a systematic wrecking of Japanese buildings and property in Tsingtao was carried out. The textile factories had previously been mined and were now soaked in petrol and burned to the ground. Simultaneously Japanese collieries at various points in Shantung were destroyed. This large-scale sabotage stung the Japanese into action and caused their military commanders to undertake the invasion of Shantung, upon which till now they had appeared reluctant to enter. The Chinese action may, indeed, have been undertaken for this express purpose, that is to say to commit the enemy to a campaign in this region so as to distract him from the threatened descent upon Canton, though a sufficiently plausible motive could be found in the natural desire to retaliate for the ruthless destruction of Chinese cotton-mills at Shanghai, Wusih and other industrial centres in the Yangtse valley which the Japanese had wrought shortly before.

The Japanese Army, which, as already related, had halted on the Yellow River opposite Tsinan, now advanced and, despite the destruction of the railway bridge, managed to cross the river and so forced its way into the Shantung capital on the 28th December. From here one Japanese column followed down the Tientsin-Pukow railway, while another pushed on through the heart of the province towards Tsingtao, where the Chinese, who had completed the destruction of Japanese property, now proceeded to wreck their own dry docks, repair-shops and public utilities in accordance with the policy of leaving nothing of value to the invader. In face of the Japanese

advance Generals Han¹ and Yu retreated, and on the 10th January, 1938, Japanese naval forces made an unopposed landing at Tsingtao, from which the Chinese municipal authorities had already fled, and a week later the land forces from Tsinan also arrived at the port. Thus in a very short time the whole of Northern and Central Shantung had been overrun by the Japanese. It was only at this juncture, when the local Chinese armies had fled and seasoned Kwangsi divisions were despatched to the scene of action, that the Chinese opposition began which was to lead to that fierce struggle in the southern part of the province which was to become the outstanding feature of the war in the spring of 1938.

Four months of fighting in North China had left the Japanese masters, in the military sense, of the coveted five northern provinces: Chahar, Suiyuan, Hopei, Shansi and Shantung. The Chinese armies, for their part, though evicted, had eluded encirclement and escaped total destruction. Despite suspected treachery on the part of several of the Generals, there had been no large defections such as had been freely predicted when the war began, and the Chinese had shown themselves capable of a degree of national discipline and cohesion in face of a national enemy which was in marked contrast with the disunion and regional jealousies for which the history of the previous two decades had made their country notorious. Meanwhile, the size of the area from which the Chinese troops had been driven gave no fair criterion of the extent of the real success of the Japanese in their plans for gaining control in North China. Their advance had been virtually confined to the main lines of railway and waterway, and the vast intervening stretches still sheltered Chinese military groups which remained a standing menace to the invader's communications. The guerrilla tactics of the Communists, which have been mentioned in connexion with the fighting in Shansi, were later adopted by other Chinese forces, and towards the end of the year raids behind the Japanese lines became a regular feature of the war. The whole of the hill country from the Peiping-Hankow Railway to Wutaishan and from a point near the Peiping-Suiyuan Railway to Tangshan, twenty miles south-west of Peiping, remained in the power of the Communists, who were reported to have established a Government of their own at Wutaishan. From this base they sent out raiding parties and organized bands of partisans among the peasantry of Hopei and the adjacent provinces. Consequently effective control by

¹ Han Fu-chu was subsequently arrested for disobeying orders to resist and for abandoning Shantung to the enemy. Found guilty on these charges, he was executed at Wuchang on the 24th January, 1938.

the Japanese was confined to strips along the railway, and only forces of considerable size, accompanied by aircraft, dared venture far into the interior. In most places the local authorities had fled before the invader, and such administration and maintenance of order as existed was carried on very largely under Communist direction, though nominally, at least, on behalf of the Central Government. In the country districts there was, in fact, very little visible evidence of the establishment of Japanese civil control, direct or indirect. In the large centres the case was, of course, different. There the Japanese at a fairly early date took in hand the creation of new civil régimes acting under their own auspices. An account of the results of their efforts in this direction will be given later.¹

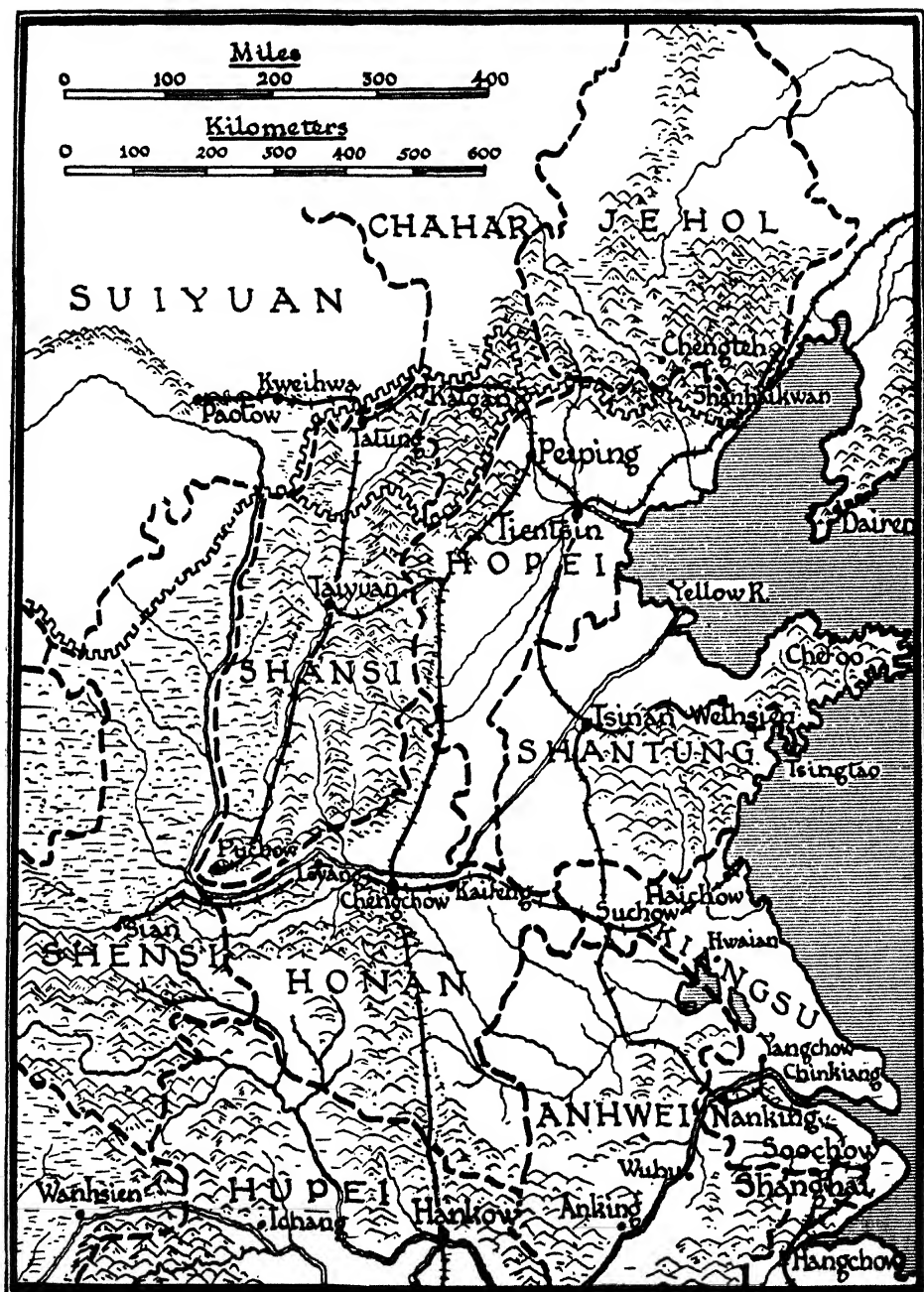
(b) THE OUTBREAK OF FIGHTING IN SHANGHAI

In the spring of 1932 Shanghai had been the scene of a fierce conflict between Japanese and Chinese troops. When the fighting ceased the problem of securing the city against a repetition of such a disaster had exercised the minds of the representatives of neutral interests in that great international emporium. The Japanese themselves—whose 20,000 residents gave them a large stake in the International Settlement—attached great importance to the establishment of a demilitarized zone round the city in order to lessen the risk of its becoming involved in any future hostilities. A Japanese proposal for a Round Table Conference of the interested Powers to discuss questions arising out of the situation at Shanghai, which had been mooted at the meeting of the League of Nations Assembly on the 3rd March, 1932, had failed to receive the support of the other Powers owing to the fact that the Japanese showed their intention to limit the scope of discussion to the problem of Shanghai, whereas the Chinese would only consent to participate in a Conference which took into consideration the whole of the Sino-Japanese dispute, including the Manchurian question.² Further Japanese proposals for the creation of demilitarized zones, not only at Shanghai but also at other Treaty Ports, had met with a cool reception, since they had the appearance of an attempt to enlist the co-operation of the other foreign Powers in bringing undue pressure to bear on China, and in the autumn of 1932 the Powers had declined an invitation which they had received from the Japanese Government to attend a Conference in Tokyo to decide, in the absence of Chinese representatives, the agenda for a Round Table Conference at Shanghai such as had been proposed at

¹ See pp. 247–56, below.

² See the *Survey for 1932*, pp. 573–4.

NORTHERN AND CENTRAL CHINA



Specially prepared for the Royal Institute of International Affairs, and based, by permission of the McGraw Hill Publishing Company, on a map in China's Geographic Foundations, by G. B. Cressey.

Geneva. In the House of Commons at Westminster, on the 26th May, the Secretary of State for Foreign Affairs had announced that no conference of this nature could be held in which China did not take part.

The part taken by the Powers in the settlement of the Shanghai conflict of January–March 1932 had thus been limited to affording the good offices of their local representatives in helping to terminate the hostilities in that area by interposing a neutral zone between the opposing forces. This was achieved by the agreement of the 5th May, 1932,¹ which provided, among other things, for the retirement of the Japanese forces to positions within the Settlement and the immobilization of the Chinese troops behind the line, about twenty kilometres from Shanghai, to which they had been driven back.

The Japanese persistently maintained that the 1932 agreement had in fact created a permanent demilitarized zone round Shanghai; and the question of the applicability of the agreement to the situation which arose in the summer of 1937 lay at the heart of the controversy which arose between the Japanese and the Chinese as to which must bear the responsibility for the extension of the war to Shanghai, whereby the door was finally and irrevocably closed on any possibility of a local settlement of the conflict in North China, and which was, moreover, to subject the vast foreign interests in Shanghai itself to incalculable losses. This part of the narrative of the conflict will, therefore, open with a brief examination of the 1932 agreement, the developments which followed its conclusion and the bearing which it had on the events of the year under review.

The provisions of the agreement which are relevant to our purpose are Article 2, which required that the Chinese troops should 'remain in their present positions² pending later arrangements upon the establishment of normal conditions in the areas dealt with in this agreement', and Article 4, which provided for the setting up of a Joint Commission, including members representing the participating 'friendly Powers'. The Commission was charged by the terms of the agreement with the duty of collaborating in arrangements for re-establishing civil control in the evacuated area, and, generally, of 'watching in such manner as it deems best' the carrying out of the agreement; further, the Commission was to call attention to any neglect in the performance of the agreement. The Chinese representa-

¹ See *op. cit.*, pp. 511–13.

² The limit behind which the Chinese troops were required to remain was not in the form of a circle drawn round Shanghai, but was a line on the west of the city subtending an angle of not more than 45 degrees and corresponding to the front held by the Chinese Army at the time.

tives had made two reservations when signing the agreement, the effect of the first being that nothing therein should imply permanent restrictions upon the movement of Chinese troops in Chinese territory, and of the second that all municipal functions in the area, including that of policing, should remain with the Chinese authorities.¹ The temporary nature, as intended at the time, of the stipulations concerning the positions to be occupied by troops could be deduced from the language of Article 2, and whatever purpose the Japanese may have had at the time to create through the agreement a permanent demilitarized zone round Shanghai, it was by no means clear to an impartial observer that their later contention that such a zone was in existence in 1937 had any solid foundation.

The situation after the close of the 1932 hostilities obviously hinged on the 'later arrangements upon the establishment of normal conditions' referred to in Article 2, and on the action to be taken by the Joint Commission. The foreign representatives on the Joint Commission were, however, virtually precluded from initiating an attempt to establish the legal position in regard to the stationing of troops in the vicinity of Shanghai on a permanent basis, since this would have resuscitated the difficulties which had presented themselves at Geneva in 1932, and would have raised the question of principle as to how far China could justifiably be asked to renounce her freedom of military movement in the neighbourhood of a Settlement which a foreign Power had used, and could use again, as a shelter and base for attack upon Chinese-administered territory. In actual fact, after 1932 nothing further was done, with or without the help of the friendly Powers, to bring about the 'later arrangements' contemplated in the agreement. The view subsequently taken by the Japanese in regard to the failure to reach a stable settlement was set forth in a pamphlet issued by the Foreign Affairs Association of Japan on the 25th October, 1937, wherein it was stated that

despite Japan's insistent efforts, the Chinese side, encouraged by the *laissez-faire* attitude of the Participating Friendly Powers, have successfully resisted during the intervening years the Japanese demand for the convocation of the Round Table Conference. Thus the Japanese purpose of removing Shanghai from the area of any future hostilities has been set at naught.

While the question of demilitarization was left in an ambiguous state, the necessary task of re-establishing a force for maintaining order in the evacuated area had been taken in hand soon after the end of the fighting. The 1932 agreement contemplated the transfer

¹ For the text see *op. cit.*, p. 512, footnote.

of these duties from the evacuating Japanese forces to a body of Chinese police, and the Chinese Government gave notice without delay of the establishment in the evacuated area of a force of special constabulary, the Paoantui, or Peace Preservation Corps, which was to play an important rôle in the events of August 1937. From the start the Japanese watched the constitution of this new force with a certain feeling of suspicion. In answer to their inquiries they had, it was understood, received an assurance from the Secretary-General of the Municipality of Greater Shanghai (the Peace Preservation Corps was at that time under the authority of the Mayor) that the strength of the Corps would not exceed 2,000, that its armament would comprise no heavier weapons than revolvers, rifles and machine-guns, and, finally, that no regular soldiers would be drafted into its ranks. In April 1936 there occurred an important administrative change whereby the post of Director of the Peace Preservation Corps was transferred from the Mayor to an active military officer, General Yang Hu. The result was that when, on the 23rd June, 1937, the Japanese formulated objections before the Joint Commission¹ to the alleged rearming of the Woosung forts at the mouth of the Whangpoo River within the demilitarized area, the Mayor, upon being asked for a statement, disclaimed all knowledge of the facts. At the same time the Chinese delegates on the Commission took the stand that the Chinese authorities were in any case within their rights in carrying out refortification, since there was no express provision in the 1932 agreement prohibiting military works in the demilitarized area. The Commission as a body declared itself unable to express an opinion on the conflict of views.

The Japanese charges against China of breaches of the 1932 agreement, which, according to the Japanese, had created a permanent

¹ The Commission had held no meeting since 1932, but in the intervening years the Japanese had on several occasions drawn the attention of the Commission in writing to alleged breaches by China of the agreement, which they interpreted in its widest possible sense, to the point of maintaining that it prohibited Chinese troops from passing by train through the demilitarized zone. The representatives of the other Powers had declined to give their support to such claims, and the general attitude of the Powers had been that the agreement was designed to meet the particular state of affairs existing in 1932 and had not the nature of a permanent arrangement, but that, on the other hand, no useful purpose would be served by bringing about its formal termination, seeing that it was capable of enabling the Powers to exercise a restraining influence on both parties in the event of a fresh crisis. The Japanese and Chinese had their several motives for keeping the agreement in existence—the former because it gave them grounds for maintaining the existence of a permanent demilitarized zone, the latter because it introduced the Powers as a potential buffer between themselves and the Japanese.

demilitarized zone, included, first, the erection of the Woosung fortifications; second, the transformation of the Peace Preservation Corps into a regular fighting force and its expansion, as was alleged, to a strength of 6,500 men; and—this at a later stage—the movement of regular troops, namely the Eighty-Seventh and Eighty-Eighth Divisions, into the demilitarized zone. Although unofficial spokesmen for China, expressing their views in the Press, answered these charges by contending that the 1932 agreement, on the evidence of its provisions, had the nature merely of a temporary truce and did not support the claim that a demilitarized zone round Shanghai still existed in 1937, the Chinese authorities did not rely on this argument, but preferred to base their official reply on a counter-charge that the Japanese forces had themselves been the first to break the agreement. This, declared the Mayor of Greater Shanghai when addressing the Joint Commission, had been ‘torn to pieces’ by the stationing of Japanese troops in the previous year at a point known as the ‘Eight Character Bridge’ which lay outside the line established by the 1932 agreement, being about half a mile beyond the Japanese defence lines and, incidentally, in close proximity to a Japanese cemetery.

Although the alleged violation by China of the 1932 agreement (as well as of the Ho-Umetzu Agreement of 1935) was formally adduced by the Japanese Government, on the occasion of their refusal to participate in the Brussels Conference, as ‘the fundamental cause of the aggravation of the present affair’ (i.e. the conflict in China), and although it received great prominence in the whole controversy as to which party was responsible for bringing the war to Shanghai, an impartial judgment on the question of responsibility could only be reached by taking account of wider considerations.

If the Chinese leaders were justified in assuming that Japan was determined on war, they could reasonably claim before the tribunal of world opinion that the sheer necessity of self-defence had made any restrictions on their freedom of action intolerable, and could demand to be held blameless even if they chose for strategic reasons to make Shanghai the battlefield. The encroachments of the Japanese naval and military authorities upon the police functions of the Municipal Council of the International Settlement in the Hongkew and Yangtse-poo districts, the erection of a Japanese barracks on the edge of Chinese-administered territory with a normal complement of some 2,000 naval ratings supplied with tanks, and the provocative action in which the Japanese military often indulged when conducting local manœuvres had, as a matter of fact, given the Chinese plausible

grounds for suspicion that the Japanese authorities were steadily building up a position from which to invade Chinese-administered territory when occasion required, and at the beginning of August 1937 the despatch to Shanghai of Japanese naval reinforcements, to which reference will be made later,¹ could reasonably be interpreted as a move in the direction of such an attack.

The Chinese Government lost no time, in fact, in placing on record a warning that, should the Japanese, as anticipated, make use of the International Settlement as a base for war operations, the Chinese Government would have to regard themselves as absolved from any responsibility for the consequences which might ensue for the Settlement. On the 19th August a spokesman of the Nanking Ministry of Foreign Affairs stated that

before the outbreak of hostilities in Shanghai the Chinese Government had already made it clear to the Powers that if the Japanese forces should use any part of the International Settlement as a base of operations or a place of retreat, the Chinese defensive forces would be compelled to take all necessary measures against the Japanese combatants in the Settlement and that the Chinese Government could not be held responsible for the consequences.

This statement referred to an oral communication which was understood to have been made to the Ambassadors in Nanking on the 8th August by a representative of the Waichiaopu, in which it was intimated that the Chinese Government entertained no intention of launching an attack on the Japanese forces then in Shanghai; sincerely wished that peace could be maintained in and round that city; would refrain from attacking the Japanese forces in the existing circumstances; but felt nevertheless that the situation would be entirely altered if the Japanese on their side should choose to break the peace either by opening an attack—which would immediately meet with resistance—or by unjustifiably sending in more forces into Shanghai; in the latter event, it was stated, the Chinese defensive forces could not, for strategic reasons, permit the Japanese to consolidate their positions, as they might direct assaults on Chinese forces from there.

In any case, a situation had already developed in North China which meant that the two countries were virtually at war, with the Japanese as the invading party, and this circumstance alone could be held to exculpate the Chinese in any initiative which they might take in transferring hostilities to another part of their territory. The evidence as to whether, in fact, this initiative was taken by the

¹ See pp. 210–11, below.

Chinese or by the Japanese must be sought in the succession of events which took place in and round Shanghai in the second week of August, beginning with the 'Hungjao incident', to which we must now direct our attention.

On the 9th August two members of the Japanese Naval Landing Party¹ and a Chinese sentry were shot dead near the Chinese military aerodrome at Hungjao about four miles to the west of Shanghai. The Japanese version was that the two men were fully within their rights in motoring on a municipal 'outside road'² since the principal victim, Sub-Lieutenant Oyama, had been charged with the duty of guarding Japanese nationals in the western district, especially the employees in the Japanese cotton-mills—of which, however, there were none within two miles of the aerodrome. The Japanese stated that only the bluejacket who was driving was armed, and that the Chinese sentry was shot in the back with rifle and machine-gun bullets by the Chinese themselves. They also laid stress on the statement that the car was some 200 yards from the entrance to the aerodrome.

The Chinese version of the incident was that the two Japanese had attempted to force an entry into the aerodrome, and, on being prevented, had fired first, killing the sentry. It was maintained that a revolver had been found by the side of the body of the Sub-Lieutenant. Both sides professed willingness to adjust the matter through diplomatic channels, though the Japanese Naval Landing Party prejudged the case by publishing an official statement in which it was declared that 'while assuming a fair and firm attitude, it [the Landing Party] will demand that the Chinese authorities bear the responsibility for this illegal act'. A local investigation was in any event, according to Japanese statements, prevented by the action of the Chinese authorities in summoning to Nanking the Chinese eyewitnesses whose evidence was required.

The Hungjao incident, as being the first act of violence in the conflict in Central China, was to achieve later a prominence which was greater than it deserved on a review of the general facts. Before the shooting at the aerodrome took place the Japanese naval authorities

¹ This, even after the landing of international forces at Shanghai in 1927, continued to be the designation of the force of Japanese naval ratings which remained permanently stationed on land in the Hongkew area. Before 1932 the strength of this force was under one thousand, but it was increased to about two thousand after that date. The force was under an independent Admiral's command.

² For these 'outside' or 'extension' roads, see the *Survey for 1926*, p. 370. See also the *Survey for 1932*, pp. 477-8.

had already despatched a fleet of fifteen vessels destined for Shanghai, while, on the Chinese side, military headquarters at Nanking had apparently begun preparations for sending two divisions of troops to the same destination. In the charged atmosphere which events in North China had created it was, in fact, becoming almost inevitable that the storm should discharge itself in the neighbourhood of Shanghai, where the close juxtaposition of Chinese and Japanese provided so many chances for friction. In view of the general situation it would be a mistake to seek for a close relation of cause and effect in the events which occurred during the four-day interval between the Hungjao incident and the outbreak of fighting.

They were briefly as follows. On the actual day of the incident the Japanese naval forces in the Whangpoo River were increased by the arrival of ten warships from ports on the Yangtse where they had embarked the Japanese nationals whose evacuation had been ordered by the authorities in Tokyo. On the next day, the 10th August, it was made known that Vice-Admiral Hasegawa, the Japanese officer in command of the Third Fleet, to which the warships stationed at Shanghai belonged, had been invested with full authority to deal with the situation arising out of the shooting at Hungjao, and on the 11th he received a reinforcement of fifteen warships, including an aircraft carrier, which were reported to have arrived at the anchorage with decks cleared for action, though it was stated by the Admiral's Chief-of-Staff that they had been sent solely for protective duties. Meanwhile Chinese troops were approaching Shanghai and the Japanese authorities on the spot made a formal demand that all Chinese military forces, together with the Peace Preservation Corps—which they regarded as a military force in disguise—should be withdrawn thirty miles from the city, and that all defences erected within the 'demilitarized area' should be demolished. The Mayor of Greater Shanghai, Mr. O. K. Yui, undertook to do his best to secure compliance with these demands. However, on the following day (the 12th), two picked divisions of Nanking troops reached Shanghai and occupied points in Chapei and Kiangwan adjoining the area of the International Settlement in which the majority of the twenty thousand and more Japanese residents in Shanghai were living. At the same time a boom was placed by the Chinese across the Whangpoo River a short distance above the French Concession to prevent Japanese ships from sailing further up-stream and threatening the Kiangnan arsenal and the Shanghai-Hangchow Railway. The Japanese authorities thereupon convened a meeting of the Joint Commission and protested against the movement of the two Chinese

divisions as being a breach of the 1932 agreement. Mr. Yui, who represented China on the Commission, having, it seemed, failed in his efforts to persuade the higher Chinese authorities to accept the Japanese demands of the previous day, now declined further responsibility; he could do no more, he said, than refer the question to Nanking. In face of this *impasse* the Commission adjourned, after having obtained an undertaking from both sides that their troops would refrain from firing unless fired upon. Events, it was clear, were rapidly passing out of control, and a Japanese Admiralty statement, issued in Tokyo, described the situation—which it attributed to China's 'open and unreserved war-like preparations'—as 'so tense that a touch may explode it'.

The explosion actually took place within twenty-four hours and in circumstances of such confusion as to make it impossible to say where the 'touch' which brought it about had occurred. At the time, that is to say on the 13th August, the strength of the Japanese force on land at Shanghai was, according to the reports of foreign Press correspondents, between 7,000 and 9,000 men, but this estimate was later challenged in an authoritative Japanese statement, which placed the figure at no more than 3,500.¹ Facing them there were the Chinese Eighty-Seventh and Eighty-Eighth Divisions mustering 20,000 to 30,000 men, as well as the Peace Preservation Corps numbering probably about 2,000. Both parties had, as mentioned above, given an undertaking not to take the initiative in attacking, but since the Chinese had made it plain that they would resist any advance by Japanese troops beyond the defence lines of the International Settlement, and since the Japanese had declared that the proximity of the Chinese forces necessitated their taking defensive measures which might involve the occupation of positions outside those lines, a clash between the two was already almost a certainty. With this in mind, the representatives of the foreign Powers had made an eleventh-hour attempt to exclude Shanghai from the scope of hostilities. Two days before the outbreak the Ambassadors in Nanking of the five principal Powers, Great Britain, the United States, France, Germany and Italy, had—according to a statement by Mr. Hirota in the Japanese Diet on the 5th September—appealed jointly to the representatives of China and Japan to do everything in their power to carry out a plan for the exclusion of the city from the area of hostilities, and on the following day the Italian representative on the Joint Commission had proposed that the defence sector held by the

¹ See the letter printed in *The Times* of the 28th October, 1937, over the signatures of Prince Tokugawa, Viscount Ishii and others.

Japanese should be taken over by neutral foreign detachments—a proposal which was found impracticable in view of the fact that the British and American troops on the spot could not be spared from service in their own respective sectors.¹

(c) THE CAMPAIGN IN THE YANGTSE VALLEY AND THE CAPTURE OF NANKING

The conflict in Central China in 1937 fell into two distinct stages: a ten weeks' period of comparatively stationary warfare, while the Japanese Army was engaged in expelling the Chinese forces from entrenched positions in the immediate vicinity of Shanghai, followed by two months of mobile fighting, in which the main battle front moved up the valley of the Yangtse, and which culminated in the fall of the Chinese capital. The first stage was divided, again, into three phases. From the 13th to the 23rd August the Japanese Naval Landing Party were acting on the defensive pending the landing of reinforcements; the interval from then till the middle of September was occupied by landing operations in the Whangpoo and along the shores of the Yangtse; and during the last phase, which lasted till the 27th October, the Chinese were being progressively dislodged from their positions until finally they broke into a general retreat.

In the early operations the Japanese profited to a very considerable extent from the existence of the neutral enclave constituted by the International Settlement. Hongkew² and Yangtsepoo, the water-side districts of Shanghai, where the principal wharves were situated, formed the north-eastern arm of the International Settlement, lying along the left bank of the Whangpoo River. This was the sector which had been allotted to the Japanese in the international defence arrangements of 1932, and which they now again occupied in August 1937. Here they were confronted by Chinese troops, strung out along the whole perimeter of the sector from the North Railway Station to the easternmost tip of the International Settlement and thence onward along the bank of the Whangpoo. Although they were in vastly superior force, outnumbering their opponents in the proportion of at least ten to one, the Chinese could attack the sector from one quarter only, namely the north-west. From the other directions the Japanese

¹ The total British military and naval forces at Shanghai at this date amounted to about 700 men.

² This included the extra-Settlement salient known as Northern Hongkew, which extended from the Settlement boundary to Hongkew Park. The incorporation of this external area in the Japanese defence sector and the situation thus created were dealt with fully in the *Survey for 1932*, pp. 477-9.

were protected, on the one side by the main body of the Settlement, which the Chinese were loath to violate, and, on the other, by their warships which lay in the Whangpoo, and themselves enjoyed partial immunity from attack owing to the presence of neutral craft on the river. From this position, whence no international protests could dislodge them, the warships were able to afford valuable support to the Naval Landing Party. They could also bombard Pootung on the eastern bank of the river, the one point whence, since it was within their own jurisdiction, the Chinese could harass the Japanese from the rear, and where they had in consequence established strong artillery posts. There was a slight countervailing handicap imposed on the Japanese by restrictions laid on their gunners, who were under orders to see that, when firing on the enemy, their projectiles should not pass over the main part of the International Settlement. On balance, however, the advantage derived from the existence of the Settlement was strongly on the Japanese side, the more so in view of the fact that it gave them an unchallenged use of the foreign-owned wharves along the bank of the Whangpoo within their defence sector.

In his initial task of holding the ground with greatly inferior numbers the Japanese commander had the help not only of the Japanese warships but also of the naval air arm. The Japanese pilots rapidly gained the upper hand over their Chinese opponents, of the inexpertness of some of whom a tragic illustration was given on the day after fighting began, when two Chinese planes dropped bombs on a crowded traffic centre in the French Settlement and on the Nanking Road, the main street of the International Settlement, causing appalling carnage.¹ The principal use which the Japanese made of their Air Force was to attack the Chinese lines, artillery posts and aerodromes, and to attempt—with no very marked success—to prevent the arrival of reinforcements by dropping bombs on the railways.

In spite of their being favoured by the terrain and commanding in the air, the Japanese marines found themselves hard pressed at the start. Between the 16th and the 19th August Chinese troops penetrated into the Hongkew sector and, driving back the Japanese forces, came near to capturing the Naval Landing Party's Headquarters, which was situated near the entrance to Hongkew Park. By the 19th, how-

¹ The death roll amounted to 1,740 civilians, including fourteen foreigners, while a further 1,873 non-combatants were injured, twelve of them being foreigners. (See the *Annual Report of the Shanghai Municipal Council, 1937*, p. 53.)

Nine days later, on the 23rd August, there was a similar catastrophe. Chinese bombs were again dropped in a crowded spot near the centre of the International Settlement, causing several hundred casualties.

ever, sufficient Japanese reinforcements had arrived to make possible a Japanese counter-attack, in which all the lost ground was recovered and an advance was made to points outside the original defence lines. In these early encounters—and indeed throughout the whole of the 1937 campaign—the losses of the Chinese, owing largely to their great inferiority in their supplies of the heavier types of artillery, greatly exceeded those of their opponents, and independent authorities estimated that the military casualties in the first ten days of fighting at Shanghai amounted to about five thousand on the Chinese side against no more than five or six hundred on the side of the Japanese.

The obvious tactics for the Japanese to adopt were a repetition of the outflanking movement from the north, that is from the shore of the Yangtse, which they had employed so successfully in the fighting of 1932, and as early as the 15th August they did in fact attempt to carry out landings at Liuho, seventeen miles north-west of Shanghai. Anticipating such a move, the Chinese had manned entrenchments along the river bank, and they succeeded, with the assistance of aeroplanes and shore batteries, in preventing the landing operations until the 23rd. On that date the Japanese managed to secure a foothold at several points at and near Woosung (where the Whangpoo enters the Yangtse), helped by their ships anchored in the estuary, which, besides creating a barrage by the use of their guns, blinded the defenders by training on to their trenches the rays of their searchlights.

The Japanese, having secured a landing, were now in a position to turn from defence to attack. The command of their land forces was assigned to General Matsui, a former Commander-in-Chief in Formosa and a member of the Supreme War Council, and the selection of an officer of this rank could be taken as an indication of the importance which the Japanese military authorities attached to the new theatre of war. Their aim at this juncture was described by their spokesman at Shanghai as being 'to deliver a crushing blow to the Chinese troops before they have an opportunity to stage a strategic retreat'. In anticipation of being driven to such a retreat, the Chinese had prepared several strong defence lines, which had been designed by General Chiang's German military advisers, at successive points between Shanghai and Nanking. On the 28th August there were rumours of an impending withdrawal to the first of these lines, and one of the official spokesmen in Nanking began to prepare public opinion for a general retirement by emphasizing the merits of a strategic movement which would weaken the enemy by forcing him to extend his lines into the interior of China, and at the same time

put the Chinese beyond the range of the Japanese naval guns. This made it look as if the Chinese had been making a virtue of necessity when, three days previously, they had accepted a proposal for a mutual withdrawal of forces (including warships) from the vicinity of Shanghai. The proposal had been made by the British, after consultation with the French and United States Governments, and had been addressed to both of the contending parties on the 18th August, coupled with the suggestion that Japanese life and property in Shanghai should be committed to the charge of the neutral Powers. The fact, however, that the Japanese Government had already made it clear that they would not enter into such an arrangement, before the Chinese Government had intimated their acceptance of the proposal, robbed the latter of any special significance and reduced it to little more than a diplomatic gesture. The anticipated Chinese withdrawal proved in any case to be merely a reorganization of the front line, which was undertaken in order to enable the hard-hit Chinese divisions to be replaced by fresh troops. With their numbers increased now to some 200,000 men the Chinese Army fought on with the utmost determination in order to prevent the Japanese from achieving the essential preliminary to a general offensive movement, namely the junction of their several forces (the force at Shanghai and those which had been disembarked at various points along the shore of the Yangtse). Although further landings had brought the local total of the Japanese forces at the beginning of September to about 60,000 troops and bluejackets, they were still at a numerical disadvantage, and their difficulties were increased by the nature of the ground over which they had to advance, which, intersected with creeks and sprinkled with grave-mounds (among which the Chinese had sown mines), favoured the defending and less heavily equipped army, and compensated to some extent for the Chinese lack of artillery and of mechanized equipment. Even when they had gained a fresh piece of territory, the Japanese had to contend with a host of plain-clothes snipers who harassed them continually. Their greatest obstacle was, however, the dogged resistance of the Chinese regular troops, who stood their ground till the last moment and made determined counter-attacks wherever they had been pressed back.

If the Japanese could succeed in advancing simultaneously from their two bases—Shanghai and the Yangtse littoral—they could count upon catching the Chinese within ‘the jaws of the pincers’. With this in view they carried out from the 1st September onwards a further series of landings at Yangtsepoo, and proceeded, in face of fierce resistance, to capture the Yukong wharf, which the Chinese

authorities had constructed in 1936 about half-way between Shanghai and the mouth of the Whangpoo and in front of the new Civic Centre which had been designed for the Government of Greater Shanghai. They were, however, unable to make further progress in this quarter, and it was eventually the Yangtse landing-force which (having at length succeeded in occupying a solid triangle of territory whose base lay along the river, from Woosung to Liuho, with the apex at Lotien, seven miles inland) penetrated sufficiently far inland to threaten the Chinese rear and force them, on the 13th September, to fall back from their positions in the salient which the Japanese advance had created. Instead of retiring, however, to the first of their fortified lines they were content to straighten the salient partially and to draw back some three miles to a shortened front which, running from the North Station to Kiangwan (due west of the Civic Centre) and thence to Lotien, was still some way to the east of their first fortified line. The retirement meant that the Japanese could at length unite their forces so as to form a continuous front, about twenty-two miles long with a maximum depth of six miles, from Chapei to Liuho on the Yangtse.

After this Japanese achievement the war round Shanghai was ripe for entering upon the last of its three phases. Nevertheless, the Japanese still had considerable difficulties to cope with before they could launch a major offensive.

After a lull of a few days, during which fresh troops were landed and tanks and artillery were moved up to the front, there began a period of wet weather which flooded the countryside and greatly obstructed the movement of heavy arms. Even when climatic conditions improved, the Japanese found the ejection of the Chinese from their new positions a very hard task, and the land-mines which the Chinese had sown in profusion throughout the territory which they had just quitted greatly increased their opponents' difficulties. A ding-dong struggle took place in the Lotien sector, while the Japanese artillery, warships and aircraft engaged in a furious shelling of the Kiangwan and Chapei districts adjoining the International Settlement in preparation for an attempt to clear out the Chinese troops. It was now the turn of the invaders to deplore the proximity of the International Settlement, which prevented them from executing a flank attack on Chapei just as, previously, it had stopped the Chinese from attacking Hongkew from the rear. The Chinese had honeycombed Chapei with dug-outs, to which they retired when shelling started, and whence they emerged to engage the Japanese infantry whenever the latter attempted to follow up the

barrage of shell-fire, while against the Japanese tanks they made effective use of rails torn up from the railway. From across the river in Pootung also they continued to harry the Japanese from the rear.

Thus hampered, it was not till the 3rd October that the Japanese could make any substantial advance. On this date their right wing, by capturing Liuhong, half-way between Lotien and Kiangwan, began to outflank the Chinese once more and caused them to retire again over a five-mile front. Pushing forward a few hundred yards at a time, the Japanese succeeded during the next few days in gaining a footing on the south bank of the Woosung creek, whence they threatened the key point of the Chinese position, the village of Tazang.

Even then a further three weeks passed before the Japanese encircling movement closed in on the Chinese positions north and west of Shanghai and rendered them untenable. By the 22nd October the Japanese were threatening the Shanghai-Nanking Railway; Tazang was taken on the 26th after a terrific bombardment from the air; and during the following night the Chinese began at last to withdraw from Chapei, which they had held with indomitable courage from the very beginning of the struggle. They left behind a small detachment of men—the 'lone battalion'—whose heroism in refusing to take part in the retreat, however ineffectual from the purely military standpoint, provided an inspiring parallel with the Samurai-like deeds of self-immolation which a so-called 'suicide corps' of Japanese soldiers had performed in attacking Chinese positions—and which were being widely celebrated in Japan at the same time.

In the period between the middle of August and the end of October the Japanese had thus succeeded first in keeping a highly precarious footing on the edge of the International Settlement, then in carrying out numerous landings of troops, and eventually in outflanking the Chinese positions west of Shanghai and forcing the Chinese to undertake a general withdrawal, which was to develop before the end of the year into the retreat of the main Chinese Army to and beyond Nanking. The operations had cost both sides exceedingly heavy losses, though the Chinese casualties, believed to be about two hundred thousand, were probably nearly ten times as great as those of the Japanese—a disproportion due in part to a deplorable lack of medical organization and of facilities for handling the wounded. The foreign community at Shanghai had suffered serious damage to property and incalculable loss through the almost complete dislocation of the mercantile life of the city, but incomparably the heaviest penalty of the war fell upon the Chinese civil population, both urban and rural,

of whom approximately one million were received into the International Settlement as destitute refugees. Their wretched plight was due not solely to the direct effects of military operations. When they vacated Chapei, the Chinese troops set fire to everything possible in order to leave only a charred shell. This was the beginning of what came to be known as the 'scorched earth policy', the deliberate and consistent destruction not only of all means of communication, but of food, shelter and every essential of life throughout the districts abandoned to the oncoming Japanese. The desolation of the countryside was at least as thorough as that which greeted Napoleon and his Grand Army in their campaign in Russia, and while it gave striking evidence of the boundless determination of China's rulers to carry to all lengths their struggle against Japan, it could not but raise doubts in the minds of neutral observers as to whether the military value of the policy could justify the vast measure of human suffering which it entailed.

The new Chinese line—which ran from Liuho to Naziang on the Shanghai-Nanking Railway, and then curved eastward up to the western boundary of the International Settlement, finishing along the Soochow creek—had the merit of being considerably straighter, and therefore shorter, than before and of being beyond the range of the Japanese naval guns, while it still retained on its right flank the protection of the Settlement.

The Japanese made several attempts to cross the Soochow creek to attack the Chinese on the southern bank, and as a result of these operations large quantities of explosives fell in the foreign areas, where they did much damage to property. After a British protest following the killing of three men of the Royal Ulster Rifles, the Japanese eventually abandoned the efforts to cross the creek by means of the Shanghai-Hangchow Railway bridge on the edge of the International Settlement, and constructed a pontoon bridge two miles farther west by which they succeeded on the 31st October in reaching the south bank. During the next few days the Chinese resisted fiercely, repulsing several further attempted crossings, and the Japanese advance made very slow progress.

This condition of stalemate was dramatically relieved on the 5th November by the landing, south of Shanghai at a point on the northern shore of Hangchow Bay near the town of Chapoo, of the Japanese Sixteenth Division, which had been brought down from Taku. The move was of major strategic importance, for it threatened from the rear the Chinese line south of the Soochow creek as well as the troops which were still holding Pootung. Yet it met with practically

no opposition from the Chinese, a fact which could perhaps be explained by confusion arising from the removal to another command of General Chang Fa-kwei,¹ the famous 'Ironside' leader, who had been responsible for the defence of the area where the landing was made. There were at the same time persistent reports that treachery on the part of the local commander had opened the way for the Japanese landing.

The newly landed forces advanced rapidly, and on the 8th November, before the two Chinese divisions in Pootung, which were hastily marched southwards, could intercept them, they had cut the Shanghai-Hangchow Railway east and west of Sunkiang, twenty-two miles south-west of Shanghai. In order to avoid being surrounded the main body of the Chinese troops stationed south of the Soochow creek now retired westward to Tsingpu, twenty miles from Shanghai, on the night of the 8th-9th November. Before retreating they set fire to the large Japanese Toyoda cotton-mills.

On the 10th November the Japanese forces round Shanghai made a junction with those which had landed in Hangchow Bay, thus completing the encirclement of Shanghai and cutting the Chinese off from their chief avenue for ammunition and supplies from abroad. Tsingpu was lost by the Chinese on the same day, and General Pai Chung-hsi, the chief of the Chinese General Staff, arrived to reorganize the Chinese forces on a new front. The combined Japanese forces, operating from Tsingpu and using rafts for crossing the intervening lakes, advanced rapidly south-west to the Soochow-Kashing Railway loop line, where they divided, one contingent moving due south on Kashing, the other due north on Soochow itself. By this movement the troops of the Japanese centre were able, by marching across country, to give effective support to the columns on the wings which were pushing their way towards the same two objectives, advancing respectively along the Shanghai-Nanking and the Shanghai-Hangchow Railway. At the same time fresh landings of troops took place both on the shore of Hangchow Bay—on this occasion on the south side with the object of cutting the Hangchow-Ningpo highway—and on the Yangtse up-stream from Liuho, while the Japanese rear was safeguarded by the occupation of Pootung, followed by the surrender of the Chinese troops in Nantao (who gave themselves up to the authorities of the French Settlement) and by the clearing away of the boom on the Whangpoo sufficiently to allow Japanese gunboats to use the river and carry supplies to the front. Altogether

¹ See the *Survey for 1927*, pp. 360-2; the *Survey for 1929*, pp. 310-11; the *Survey for 1930*, pp. 334 *seqq.*

SHANGHAI AND ITS SURROUNDINGS



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some 30,000 reinforcements (bringing the total of Japanese troops in the operations round Shanghai to more than 200,000), together with munitions, mechanized equipment and other supplies, poured into the Shanghai area during the first fortnight in November to sustain the advance on a front which now extended over a length of about ninety miles.

The Chinese had prepared a number of fortified lines between Shanghai and Nanking, on which to fall back in defence of the capital. There were two of particular strength. The first ran from Changshu north of Soochow, through Soochow, and on to Kashing on the Shanghai-Hangchow Railway, and embraced a network of deep creeks heavily entrenched and fortified with 'pill-boxes'. The second, twenty-five miles farther back, ran from the Kiangyin Forts on the Yangtse to the important industrial town of Wusih on the Shanghai-Nanking Railway and thence to the northern tip of Lake Tai, an enormous expanse of water and marsh covering nearly two thousand square miles on the south and west of Soochow. That official quarters in Nanking had little faith in Chinese ability to hold these lines was suggested by the fact that the Government started to leave the capital as early as the 16th November. Their misgivings were justified. The extreme right wing of the Japanese Army, advancing along the southern bank of the Yangtse, took Changshu on the 19th November, while Soochow, the 'Venice of China', fell, without serious resistance, to the right-centre, and Kashing to the left wing, on the same day. Meanwhile the troops of the Japanese centre crossed Lake Tai in small craft¹. Landing on its southern shore and joining up with the left wing, they threatened Wushing, a key position on the Hangchow-Nanking military highway. By the 21st November the Chinese were in full retreat over the whole front. The second of the strongly fortified lines, that from the Kiangyin Forts on the Yangtse to Wusih, was not pierced without heavy fighting, the Chinese making several temporarily successful counter-attacks. Wusih, however, was captured by the Japanese right wing on the 25th November, and Changchow, thirty miles farther in the direction of Nanking along the Shanghai-Nanking Railway, fell a few days later. Farther south the capture of Wushing laid the road open for a direct march towards the loop of the Yangtse, up-stream from Nanking.

Having now passed the great natural obstacle of the lake, the

¹ Both on the Yangtse and on the creek and lake systems to the south, the Japanese Army made extensive use of a special type of shallow-draught motor-scoops, brought over from Japan, which were capable of holding from thirty to fifty men and of transporting medium-weight artillery.

Japanese repeated the tactics which had served them so well already. The combined force on the south side of the lake now re-divided, so that by the end of November Nanking saw itself threatened by the simultaneous advance of three Japanese columns, a right wing pushing along the Shanghai-Nanking Railway, a centre along the Hangchow-Nanking highway, and a left wing engaged in cutting across country towards the port of Wuhu fifty-five miles up-river from Nanking with the object of outflanking the capital and cutting off the retreat of the forces congregating in the loop of the river. On the extreme flanks the Chinese were, it is true, holding on near Chapoo, the site of the original Japanese landing in Hangchow Bay, and at the Kiangyin forts, which still remained in their hands, but not in sufficient strength to compel the Japanese commander to check the thrust of his main army.

The stage was, therefore, set for the final phase of the 1937 war in the Yangtse Delta. At this stage the Japanese forces were estimated at about 250,000 men, comprising five regular and six reserve divisions, with additional artillery, tank and cavalry units. The number of Chinese divisions opposed to them was not readily ascertainable, but they were known to include contingents of Kwangsi, Kwangtung and Szechuanese troops, two newly formed divisions of ex-Communist forces from the Kiangsi-Kwangtung border, the Nanking Model Division and what remained of the Eighty-Eighth Division. The fate of Nanking was already so visibly sealed by the beginning of December that the Government began to withdraw troops, artillery and supplies from Nanking to points farther up the Yangtse and on the opposite side of the river. On the 2nd December the Kiangyin forts were at last evacuated, after having been almost completely destroyed by aerial and artillery bombardment. It was not till three days later, however, that the Japanese Navy succeeded in breaking through the boom of sunken ships and mines which the Chinese had constructed at this point in the river. In the meantime all the three wings of the Japanese advance pressed steadily forward, co-operating with each other, or dividing, as geography, roads or the position of military objectives dictated, and finding in general very little to resist them. Thus the Japanese, in spite of spells of wet weather, had, in twenty-six days, covered the distance between Shanghai and Nanking, which was 175 miles in a direct line but very much longer by the route to the south of Lake Tai which part of their forces followed. The rapidity of their advance was largely due to their use of light motor-craft, for by this means the lakes and waterways which would otherwise have presented a serious obstacle were converted

into thoroughfares for the Army. It also owed much to the auxiliary action of the Japanese naval and military aircraft, which not only bombed the retreating Chinese, their communications and cities in the line of advance, but also kept the Japanese infantry supplied with munitions and rations during their march on Soochow and Wusih, at a time when rain had rendered the highways virtually impassable. It was evident, moreover, that the Japanese staff sacrificed caution in their desire to leave the Chinese armies no time to organize resistance, since they took the very considerable risk of leaving their left flank open during the whole of their advance—a risk which, as it turned out, was justified by the result.

By the 6th December a Japanese column was in occupation of the Purple Mountain, on whose slopes the grandiose tomb of Sun Yat-sen had been erected seven years earlier, and elsewhere positions had been reached from which the final assault could be launched against the thirty-foot high walls which encircled Nanking along a circumference of over thirty miles. Immediately outside the walls the Chinese had begun the systematic destruction of buildings, in order to deprive the attackers of cover; and ammunition dumps, petrol stores and hangars within the city were burnt. Many thousands of Chinese troops and the entire Air Force were removed, and on the 7th December General Chiang Kai-shek, after handing over the defence of the capital to General Tang Sheng-chi, left by aeroplane, while on the following day the remaining foreign Embassy staffs went on board their ships in the Yangtse.

During the next few days the noose was gradually tightened, and on both banks of the Yangtse several more of the strongholds which had still remained in Chinese hands were captured. At midday on the 9th December the Japanese planes which had been carrying on an intense bombardment of the city, free from interference owing to the withdrawal of the Chinese Air Force, dropped copies of a letter addressed by General Matsui to General Tang calling upon him to surrender by noon on the following day, and pointing out the uselessness of further resistance. No reply having been received within the time-limit set by this ultimatum, the Japanese began on the 10th December to close in on the capital. Wuhu was occupied on the afternoon of that day, and Japanese troops crossed the river there and followed its left bank to Pukow, opposite Nanking. From the other direction six Japanese warships passed the Kiangyin boom and steamed up to Nanking.

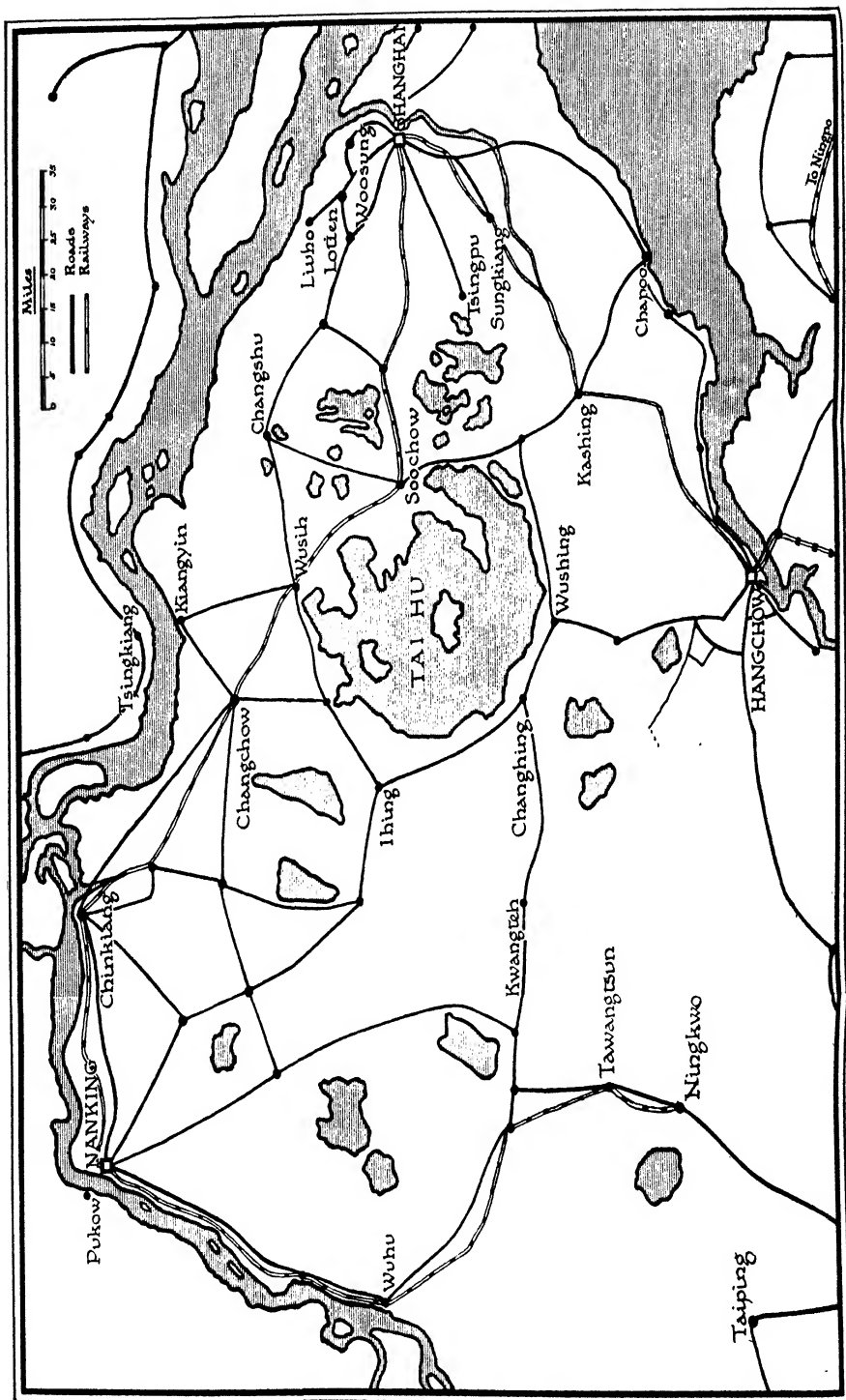
The defence of the capital had been left, as has already been mentioned, in the hands of General Tang, whose task, however, in view

of the withdrawal of most of the troops, was from the outset a hopeless one. In order to save unnecessary loss of life among the civil population a large proportion—estimated at three-quarters—of the inhabitants was evacuated. At the same time a committee of foreign residents took the initiative, as at Shanghai, in establishing and provisioning a safety zone for non-combatants, and during the interval of a few days which elapsed before the Japanese occupation this was the only administrative body which functioned within the walls of Nanking. On the 10th December General Tang himself deserted the city and the leaderless and disorganized troops made a rush to escape by river before the assault took place, many thousands being crushed and drowned in attempting to board the junks moored at the waterside.

By the 14th December the city wall had been breached by artillery fire, and the Japanese forces were pouring into Nanking. Of the Chinese troops which had stayed behind, some maintained a forlorn resistance during the next two days, but many discarded their arms and uniforms and sought safety by merging themselves with the civil population. This fact provided the one shred of excuse which could be found by the Japanese for the wholesale massacre of unarmed men which ensued and against which the efforts of the foreign committee, who had provided an asylum for over fifty thousand refugees in the safety zone, were completely unavailing. According to written statements by members of the committee, a calculation based upon the number of corpses buried indicated that the number of unarmed persons who were killed in cold blood was nearly forty thousand, of whom it was reckoned that at least one quarter had never borne arms against the invader.¹ Large sections of the city were, at the same time, deliberately burnt. Opinion in foreign countries was profoundly shocked by the well-substantiated reports of the executions and of the uncontrolled licentiousness of large numbers of the Japanese soldiers, who, entirely out of hand and free from any restraint, flung themselves headlong into orgies of robbery, violence and rape. The foreigners who were in charge of the refugee camps and who tried to protect the inmates of the schools and university buildings were powerless to resist the invasions of individual Japanese soldiers, and

¹ See H. J. Timperley, *What War Means* (London, 1938, Victor Gollancz), containing the evidence of members of the International Committee for the Nanking Safety Zone together with the texts of the 'case reports' submitted by the committee to the Japanese military and civil authorities in Nanking at the time. Of the excesses of the Japanese troops as reported in the Press, Mr. Kiyoshi Kawakami wrote in his book *Japan in China* (p. 180): 'There is absolutely no excuse and we are thoroughly ashamed of them.'

THE SHANGHAI-NANKING AREA



their appeals to authority were for the most part ignored. The orgy of licence was such that an estimate based on responsible foreign testimony reckoned the number of cases of rape at about twenty thousand.

In the midst of these scenes—so discreditable to the honour of their country—the Japanese authorities formally staged a triumphal entry into the Chinese capital on the 17th December. It was the celebration of a victory spectacular indeed, but barren of practical results, for it had brought no nearer the proclaimed object of 'bringing the Chinese to their knees'. In fact the ruthless behaviour of the conquerors of Nanking appeared to have added strength to Chinese determination. On New Year's Day, 1938, General Chiang Kai-shek divested himself of the premiership—which he resigned in favour of his brother-in-law, Mr. H. H. Kung—to devote his energies solely to the further organization of military resistance to Japan.

(d) CHINA'S DEPENDENCE ON WAR SUPPLIES FROM ABROAD AND
JAPAN'S ATTACKS ON HER MEANS OF TRANSPORTATION

The difficulties which faced China when she entered on her struggle with Japan in 1937 resembled in many respects those which pre-revolutionary Russia experienced in the first three years of the General War of 1914–18. Like Russia, China was the possessor of illimitable human resources, but was markedly lacking, owing to her backward industrial development, in the means of equipping her armies for service in the field and of moving troops from one point to another. For her munitions she was dependent in a high degree on supplies imported from abroad, and, even when these were obtained, she was faced with a stupendous problem in their transportation from the places of entry to the various battle fronts. In the Russian case the failure of supplies and of transport had brought about a breakdown of military organization which had led to defeat and internal disruption. China escaped a similar fate in 1937. Though frequently worsted in the field, largely as the result of the inadequacy of her war material, she found herself at the close of the year still able to provide the means of equipping her forces on a sufficient scale to enable her to keep up the struggle.

This dependence of China on outside sources made it a matter of particular importance to Japan to interrupt Chinese communications on both land and sea, and the operations undertaken with this purpose, together with the raids which were made on China's own arsenals, were so notable a feature of the conflict in the year under

review as to call for separate treatment in a general account of the hostilities.

Japan's attempts to paralyse her enemy by cutting off war supplies fell into two categories: first, measures to stop material from reaching the enemy's borders and, second, action taken to prevent its transportation within China itself. The undisputed command of the sea, which Japan enjoyed in the absence of a Chinese Navy of any account, would in the normal circumstances of war have made the former of these two tasks easy, but by refraining from making a formal declaration of war Japan deprived herself of the power to make full use of the naval weapon by means of a war blockade of the Chinese coast and by the interception of contraband cargoes carried by neutral shipping. This did not, however, entirely preclude naval action, for on the 25th August Admiral Hasegawa proclaimed a blockade of the Chinese coasts from $32^{\circ} 4'$ north and $121^{\circ} 44'$ east to $23^{\circ} 14'$ north and $116^{\circ} 48'$ east, to become effective after 6 p.m. on that day against Chinese vessels. A Japanese Foreign Office statement was issued on the following day in which the assurance was given that 'peaceful commerce carried on by third Powers' would be fully respected. The object, it was explained, was to prevent the movement of supplies by sea from the South China ports to the Chinese armies at Shanghai, and for this reason the zone of blockade was fixed to include some eight hundred miles of coastline from a point south of Swatow (but not embracing Canton) to one north of the Yangtse. Although after the proclamation of the blockade foreign vessels were not as a rule interfered with, certain cases occurred of their being temporarily stopped for examination and verification of their nationality.

On the 6th September the Japanese 'pacific blockade' against Chinese shipping was officially extended to cover the entire Chinese coast with the exception of Tsingtao and of leased territories; the assurance with regard to the peaceful commerce of other nations was at the same time repeated. As a reply to these measures the Chinese Government threatened to use their Air Force for attacking Japanese merchant shipping, and they published a request that foreign vessels bound for Shanghai should avoid coming into proximity with Japanese ships and that they should have their national colours conspicuously painted on their decks. This request was complied with by some at least of the British steamers engaged in the China coastal trade. During the next fortnight the Japanese Government issued two further statements with respect to the blockade. The first of these was to the effect that Chinese vessels had been

found to be illegally displaying foreign colours,¹ and that consequently Japanese warships would examine ships suspected of this practice in order to verify their true nationality. Thereupon the British Board of Trade advised the masters of British vessels in the Far East to allow Japanese naval officers to come on board, and to examine the vessel's certificate of registration. Moreover, on the 11th September, the British authorities proposed to the Japanese that, in the case of a British ship being stopped, both the Japanese warship and the merchantman concerned should report the affair to the British naval authorities, and they suggested that, should a British warship be present on the occasion of a ship being called upon to prove her nationality, the examination of her papers, if asked for by the Japanese, should be made by the British warship's commander. The Tokyo Foreign Office welcomed this arrangement, which in practice operated to prevent unpleasant incidents, although it was not easy to allay the suspicions of some of the Japanese naval officers, who, on one occasion, were apparently under the delusion that a P. & O. liner was a Chinese vessel masquerading under the red ensign. The other Japanese declaration referred to was made on the 18th September by Admiral Hasegawa at Shanghai, presumably on instructions from his Government, and was to the effect that he would not recognize the validity of transfer of any vessel from Chinese to foreign registry which had been made after the 25th August, unless there was proof of a genuine sale as distinct from temporary accommodation. Vessels which had been transferred since the specified date would be liable to be detained for an investigation into the *bona fides* of the transfer.

Besides denying the seas to the Chinese merchant marine, the Japanese used their naval forces to work destruction upon the fleets of fishing junks which provided the means of livelihood for a considerable section of the Chinese maritime population, especially on the southern sea-board. Many junks were sunk, and those which escaped this fate were frequently forced to remain idle in harbour. A hundred thousand Chinese fishermen were said to have been kept ashore as a result of these measures. The Chinese fishermen of Hongkong, in spite of their British nationality, were not exempt from the attacks of Japanese warships, and, in an appeal which they made for British naval protection early in October, their representatives declared that two hundred boats had failed to return from the fishing-grounds and

¹ A Reuter's Agency report from Hankow, dated the 16th August, 1937, described the arrival of Chinese steamers flying the Union Jack and repainted to resemble ships of two of the best-known British shipping lines on the Yangtse.

were believed to have been sunk by the Japanese. The Japanese defended their action against fishing-boats by declaring that the latter were armed and were thus open to the suspicion of hostile intent. It was a notorious fact that many of the junks habitually carried small and antiquated cannon as protection against the pirates which infested the coasts of South China, but these guns could not be regarded as having any military significance whatever. The action of the Japanese had the appearance, therefore, of sheer wanton brutality, or, as some commentators suggested, of an unprincipled method of opening the field to Japanese fishermen—whose activities in Chinese waters had been of late the cause of local trouble—by the suppression of native competition.

Vessels in the service of the Chinese Maritime Customs, which had usually enjoyed immunity on the occasions when China had been involved in hostilities, were also attacked by Japanese warships. It was reported in October that an understanding had been reached by which the Japanese were to allow a small number of the customs vessels to function while the rest remained in port. Nevertheless on the 11th December a customs cruiser, the *Cha Hsing*, commanded by an Englishman, was shelled by a Japanese destroyer while she was in Hongkong waters, and had to be beached, whereupon the Japanese attempted to tow her away. This action called forth a protest from the British Government against the violation of British territorial waters.

In order to provide greater facilities for forces attacking Chinese ports and inland communications, and perhaps with the further object of creating fears of a descent in force upon South China and so causing the Chinese to retain troops there which might otherwise have been used in the fighting round Shanghai, the Japanese in the course of the autumn of 1937 occupied various islands off the Chinese coast and established thereon naval and air bases. Early in September they seized the Pratas Islands, which were situated some two hundred miles south-east of Hongkong and about one-third of the way between there and the Philippine Islands, and which contained an important meteorological station. On the 27th October, after a heavy naval bombardment, Japanese sailors occupied Quemoy Island, which commanded the entrance to the harbour of Amoy. A month later Sancian Island, on which stood the tomb of St. Francis Xavier, was taken by the Japanese, and before the end of the year they had also seized Hopao, near Macao, Waichao, near Pakhoi, and Shangchun, near Toishan. These sporadic raids on strategic points in the South China seas aroused fears for the far more important island of

Hainan, where the fortifications and garrison were quite inadequate to withstand a serious invasion. The geographical position of this great island, which lay some three hundred miles south-west of Hongkong and near the coast of Indo-China, made the prospect of its seizure by the Japanese a serious cause of apprehension for both Great Britain and France. However, the Japanese confined their activities here to occasional reconnaissances and bombardments, though, as will be mentioned later,¹ there was reason to suppose that they used the threat of occupying the island as a means of exerting pressure upon the French authorities to stop the supply of arms to the Chinese through Indo-China.

The dislocation caused to navigation and trade by these various naval and aerial activities on the part of the Japanese forces was increased by the fact that they produced among the Chinese authorities a state of perpetual nervousness, and caused them, for fear of attacks, to erect boom defences on the main waterways, including the Yangtse, Whangpoo, Pearl and Min rivers, so that sailings, both Chinese and foreign, were partially, and in some cases totally, suspended. At Foochow the entrance to the Min River was closed and sea-borne traffic with that port ceased. At Canton protests from shipping interests against the closing of the harbour were, however, effective in bringing about an arrangement which permitted small craft to pass every day and larger vessels at specified hours.

It was through Hongkong and along the railway to Canton that the bulk of the imported munitions entered China. But although the principal arms depot was on British soil, the arms themselves came chiefly from other countries.² Exact statistics of the amount of arms and munitions shipped to Hongkong were not obtainable, but such figures as were published showed that Great Britain stood low down on the list of exporting countries. The total value of the war material exported from the United Kingdom to China during the eight months between the 1st July, 1937, and the 28th February, 1938, was stated by Captain Wallace in the House of Commons to be £183,000, while the value of British exports of war material to Japan, for the same period, was £61,000.³ In any case the quantities sold by Britain to either country were comparatively insignificant—a fact which could be accounted for by the preoccupation of British armament firms with

¹ See p. 230, below.

² Mr. Hirota told the House of Peers at Tokyo on the 25th January, 1938, that 'sources in Britain' had recently notified Japan that only a very small percentage of munitions of British origin had been included among those passing through Hongkong.

³ Statement in reply to a parliamentary question on the 12th April, 1938.

the fulfilment of orders from the home Government in execution of the British rearmament programme. The bulk of the arms and munitions which reached China through Hongkong came from Germany, Italy and Czechoslovakia, a fact which Japanese Press correspondents who visited Hongkong found out for themselves and duly reported to their newspapers. It was estimated, according to the Shanghai correspondent of *The Times*,¹ that, in the first six months of hostilities, over 80 per cent. of the war material passing through Hongkong was of German and Italian provenance, 10 per cent. American, and about 5 per cent. British.

This did not prevent the Japanese Press from conducting a violent campaign against Great Britain, whom they accused of blocking Japan's aspirations in the Far East and of doing everything possible to foster Chinese resistance. The Japanese Government, if they did not positively stimulate the anti-British agitation, at least did nothing to discourage it in the early stages,² hoping, no doubt, that it might have a deterrent effect upon the British authorities at Hongkong and might induce them to deny the use of the port for arms shipments to China. Possibly they were also not averse to seeing Great Britain held up as a target for popular attack in Japan, where there was singularly little public animosity against the Chinese as a nation, so that the war spirit needed some artificial stimulus.

At the same time the entry of arms into China passing through Haiphong, the port of Tongking, up the railway line to Yunnanfu, and so on by motor road to Hankow and Nanking, was engaging the Japanese Government's attention. According to a declaration by Monsieur Bérenger, the Chairman of the Foreign Relations Committee of the French Senate, the Japanese Ambassador had warned the Quai d'Orsay, at the beginning of the Far Eastern conflict, 'that any intervention, even the sending of supplies through French Indo-China, would probably result in the occupation of Hainan Island and certain' French 'Indo-Chinese ports'. The French Foreign Office, it is true, issued a semi-denial of this statement, affirming that nothing in the nature of an ultimatum had been received from Japan, and the Japanese Government for their part repudiated the suggestion that they had attempted to exercise pressure on the French Government, although the Foreign Office spokesman took occasion to add that the supplies of arms to China by way of Indo-China were

¹ See *The Times* of the 5th February, 1938.

² Mr. Hirota told the Diet at Tokyo on the 3rd February, 1938, that there was no evidence 'that the British Government had especially' attempted to cause any disadvantage to Japan.

becoming a matter of very great importance. The truth seemed to be that, while Japan did not contest the right of the French Government to permit the passage of munitions through Indo-China, she made it clear that she reserved her right to prevent their transit by all means in her power when once they had passed on to Chinese soil. This was equivalent to a threat to bomb the French-owned Yunnan Railway within Chinese territory, and it sufficiently disturbed the French authorities to cause them to place a ban upon the transport of war supplies for China by the Haiphong-Yunnan route, to take effect from the 13th October. This precautionary step was accompanied by measures for strengthening the naval and military defences of the colony. Later on, the transit ban was raised, and the Yunnan route proved a valuable 'backdoor' for the delivery of supplies to China during the autumn months. The Japanese refrained, nevertheless, from carrying into effect the threat to attack the railway.¹

Supplies of war material from the Soviet Union stood on a special footing, inasmuch as the bulk of them entered China by the continental route through Sinkiang, and were thus virtually out of range of Japanese action until they had reached the neighbourhood of the war zone. The despatch of munitions to Chinese ports by sea from Vladivostok, the Black Sea or Baltic ports was, of course, physically possible, and the fact that this means of transport was (to all appearance) scarcely used in supplying munitions to China, as compared, for instance, with the supply to Spain,² could be accounted for by a fear that the Japanese Navy might take direct action against the ships employed on the ground that they and their cargoes were Government-owned. Meanwhile, it had also to be remembered that, in sending munitions for Chinese use, the Soviet authorities had a natural predilection for supplying directly the Eighth Route Army, which consisted of Communist troops and which, being quartered in Shansi, could be more easily provisioned by way of the overland route. The alleged meagreness of the quantity of war material which China received from the U.S.S.R. as compared with imports from other countries was the subject of a message sent from Hankow to the *Pravda* at the end of December, and this estimate of the situation was confirmed from independent sources. There was, therefore, good ground for believing that, even in her transcontinental consignments, the U.S.S.R. was keeping her supply of munitions to China down to the lowest 'decent' limit. Her assistance to China mainly took the form of supplies of aircraft, which began to arrive in China from September onwards.

¹ There was a further reversal of French policy in March 1938, when the ban was reimposed.

² See vol. ii. pp. 195, 199-200.

The Russian aeroplanes, and the pilots which accompanied them, did much to restore power to the Chinese Air Force, though their usefulness was said to have been considerably diminished by friction between the Russian airmen and the Chinese authorities which was a consequence of the Russians' independent attitude.¹ The Japanese, who could not take any forcible action against the entry of Russian supplies by land until these had come within the range of their own air arm, confined themselves during 1937 to indulging in a Press agitation against Soviet action in giving assistance to China. It may be mentioned, however, that at a later date, namely at the beginning of April 1938, the Japanese Government presented at Moscow a formal note of protest against Russian military aid to the Chinese, in which particular reference was made to the case of a captured pilot, a Russian who was alleged to have admitted that he was a Soviet citizen and that he had formerly been in the service of the Soviet Government. Monsieur Litvinov wrote in reply that the Soviet Government knew nothing of this individual case, and refused in any event to admit the existence of any obligation towards Japan in the matter. The following summary of his note was given in *The Times* of the 6th April: 'They had sent no military detachments and no individuals to China to fight against Japan. Volunteers from many countries were fighting on the side of the Chinese, but, as far as was known, the Japanese Government had not protested to any of these countries. Monsieur Litvinov said he could not understand why Japan had protested to Moscow, especially as she claimed that she was not at war with China.' The Japanese did not renew their protest at the time, but a month later Mr. Shigemitsu handed a fresh note to the Foreign Office in Moscow. In this, it was understood, the Japanese Government asserted that China had received from the U.S.S.R. since the autumn of 1937 500 aeroplanes, 200 pilots, and large quantities of other equipment, besides technical assistance, and they complained that, in spite of the previous protest made at the beginning of April, this assistance was continuing. As it was regular and systematic, Japan, it was stated, was bound to regard the sending of these supplies as a rendering of official help directed against her, and she must seriously request the Soviet Government to cease from such unfriendly action.

We must now pass on to deal with the second category of Japanese measures for interrupting China's war supplies, namely attacks on the means of transportation in the interior of China. These were

¹ The Russian pilots were said to resent the position of Madame Chiang Kai-shek as head of the Chinese national Air Force.

directed mainly against the principal trunk railways, which, owing to the exiguousness of the Chinese railway system as a whole and the paucity of roads of military value, assumed vital importance in war-time. It will, therefore, be useful to begin by casting a glance at the railway map of China on which the Japanese General Staff had to base their calculations. Four main lines, two running north and south and two east and west, chequered that part of the country which lay north of the Yangtse. The first two were the Peiping-Hankow and Tientsin-Pukow (Nanking) railways; the two transverse lines were the Peiping-Suiyuan—which mounted through the Nankow Pass on to the Mongolian plateau and followed its edge to Paotow in the Ordos—and the Lunghai Railway, which crossed the centre of the region in question from the port of Haichow in northern Kiangsu to Sian, the capital of Shensi. As has been mentioned in dealing with the North China campaign, the Peiping-Suiyuan Railway soon fell into Japanese hands, and the Chinese were deprived of its use as a means of internal communication or as a link with the caravan routes which led from Russia into China via Outer Mongolia. The greater part of the Tientsin-Pukow Railway had been similarly lost to China by the end of the year, as had also the northern part of the light railway which had been constructed in Shansi by Marshal Yen Hsi-shan, although its southern portion, which ended at the Yellow River port of Puchow, opposite Tungkuan, about one hundred miles east of Sian, remained in Chinese hands until February 1938. The lower section of the Peiping-Hankow line was thus left, in conjunction with the Lunghai Railway, as the chief means for transporting troops and supplies from Central China to the North China and Shantung theatres of war. The Lunghai Railway was also the connecting link for a line of points of great military importance, beginning with Sian in the west, where there was an arsenal and air-base, and including Kunghsien in Honan—which was said to have the best-equipped arms factory in China—and the important railway junctions of Chengchow and Suchow, which served as military depots.

Starting from Sian, the chief overland route which linked China with Russia ran for 2,500 miles through Lanchow to Chuguchak in Sinkiang, and thence to the southern terminus of the 'Turk-Sib' Railway. The road could be used by motor trucks, but its great length, the poor condition of long stretches, and the doubtful attitude of the Chinese Muslims in Sinkiang, militated against its use on a large scale for the transport of war material. Russian supplies sent by this route to Sian for transportation thence by the Lunghai Railway to points farther east could, should the railway be cut, be diverted either along

the motor road leading from Sian to Nanking or by way of the military highway which had been opened, just before the outbreak of hostilities, to connect Sian with Chengtu and Chungking, in Szechuan, where the supplies could be transferred to boats on the Yangtse.

Of the railways south of the Yangtse, the Shanghai-Nanking and Shanghai-Hangchow lines served as the main channels of supply for the Chinese troops in the Shanghai area down to the time when the Japanese gained control of that region during November and December. The Chinese themselves, upon their retreat from Hangchow, blew up the newly constructed railway-bridge over the Chientang River, and thus severed the direct rail connexion between the port of Hangchow and Nanchang, General Chiang's old headquarters and the site of one of the principal airfields in China. The loss of this route from the sea, and the subsequent fall of Nanking and removal of the seat of the National Government to Hankow, accentuated the importance of another of the southern trunk lines, the Canton-Hankow (Wuchang) Railway, which, with the connecting link from Canton to Hongkong, was not only the main artery for the transportation of supplies from abroad, but was invaluable to China during 1937 as a means of bringing up from the southern provinces of Kwangsi and Kwangtung the reinforcements of troops and the supplies of locally manufactured munitions which were essential for maintaining her powers of resistance. The construction of a loop-line round the city of Canton, to connect the Canton-Hankow Railway with the Hongkong-Kowloon line, which had been urged by the British authorities for some years past, but had been put off by the Chinese authorities from an unwillingness to favour the trade of the British Colony at the possible expense of that of Canton, was now quickly pushed on and was completed within a month of the outbreak of the Shanghai hostilities. Thereafter it served to accelerate the passage of consignments of war material coming by rail from Hongkong.

Of the various lines of transportation which have been mentioned, the Kowloon-Canton and Canton-Hankow Railways were by far the most vital for the carriage of war material, and in consequence they received the particular attention of the Japanese bombing aeroplanes. From August onwards Japanese aircraft, operating either from aeroplane carriers or from the newly established bases on the occupied Chinese islands,¹ carried out repeated series of air raids upon these two railways and upon Canton itself. The town suffered severely, and there was a great destruction of human life in its narrow crowded streets, but, despite almost daily onslaughts on the railway line

¹ See p. 228, above.

between Canton and Kowloon, the Japanese aviators failed to destroy the permanent way. From time to time they inflicted damage which caused a temporary suspension of traffic, but this damage was quickly made good by Chinese repair gangs. Stations, rolling-stock and the permanent way itself were repeatedly hit and the Japanese aircraft regularly attacked trains with machine-guns, but the vital point on the line, the Sheklung bridge, escaped destruction thanks to the inaccurate marksmanship of the Japanese airmen, who were generally kept at altitudes of above 10,000 feet by anti-aircraft gun-fire. At the end of the year the railway was still in regular operation.

The experience of the Canton-Hankow Railway was similar. Repeated attacks from the air caused periodical dislocation and suspension of traffic, but failed to do more than retard the movement of freight and troops. On the Lunghai Railway Suchow, Chengchow and Kunghsien were attacked on various occasions, and Japanese bombers flew as far west as Sian and Lanchow in an attempt to interrupt the supplies, particularly of aircraft, which were coming through from Russia. The amount of military damage which was inflicted on these places, again, was apparently not very great. It was insufficient, at all events, to interrupt communications to any serious extent.

Apart from the attacks which were aimed specifically at the railways, there were a number of Japanese raids upon centres of population in the interior, whose primary object may, or may not, have been the destruction of military works. Besides the repeated attacks on Nanking, described below, the Japanese raiders, consisting of naval planes for the most part, visited Hankow, Changsha and Nanchang. In those places where the Chinese defences included anti-aircraft guns—for the provision of which China was largely indebted to Germany—the Japanese attacks on military objectives were understood to have been relatively ineffective, but in the course of raids on Chinese aerodromes the Japanese claimed to have destroyed on the ground a high proportion of the enemy's machines.¹

One of the almost inevitable results of the conditions of modern warfare was that accusations of indiscriminate bombing from the air should be showered upon the belligerents. The Japanese Air Force was the subject of such charges and of widespread condemnation by public bodies and private organizations. The airmen were accused of attacking hospitals, educational institutions, and religious missions,

¹ A good many were probably 'fakes', the Chinese having developed as part of their funeral customs a remarkable talent for manufacturing realistic models of men, animals, and inanimate objects of every description out of the simplest material.

as well as of carrying out air attacks upon the populations of towns for the purpose of terrorization.¹ In this indictment the capital charge related to Nanking. The Chinese capital suffered several air raids during August, but little damage was inflicted until a particularly destructive attack took place on the 27th, when havoc was wrought in the poorer streets, in a quarter some two miles from any military establishment, and one hundred and fifty civilians were killed. This tragedy evoked an appeal from the Diplomatic Body in Nanking to the Japanese military authorities to spare non-combatants. No reply was given, but, whatever the causes of abstention may have been, the raids upon Nanking ceased until the 19th September, when over forty aeroplanes bombed the city, though this time without inflicting great damage. On the same day, Vice-Admiral Hasegawa notified the Consular Body in the following terms:

As the objective of the Japanese is a speedy termination of hostilities, and as Nanking is the principal base for Chinese military operations, the Japanese Air Force may, from now on, Tuesday (the 21st), take offensive measures against the Chinese forces and establishments pertaining to military activities in and around Nanking. Full consideration will be given to the safety of the lives and property of the nationals of friendly Powers, but in view of the possibility of such becoming dangerously involved in spite of precautions, the Commander-in-chief of the Third Fleet is constrained earnestly to advise such officials and residents, and also the warships now in Nanking, voluntarily to move to greater safety farther up the Yangtse River.

This produced a prompt reply from the interested foreign Powers. Oral representations were made by the British, American, and French Ambassadors in Tokyo, in which the bombing of other than military objectives and the suggestion that foreigners should be withdrawn were made the subject of protest, and the responsibility was laid on the Japanese Government for any loss of the lives or the property of the nationals of the countries concerned. The Soviet consular authorities at Shanghai, who had been told by the Japanese Consul-General that the Chinese planned to disguise their aircraft as Japanese and to bomb the Soviet Embassy at Nanking in the hope of embroiling Japan with the Soviet Union, treated this story with contempt in a reply given on the 23rd September, and stated that Japan must be held responsible for any injury which might be caused to the Embassy. Even Japan's partners in the Anti-Comintern Pact were constrained to protest, although they did this in milder terms. On

¹ Section (iv) (b) below deals with the charges brought by the Chinese Government under these heads before the judgement seat of the League of Nations and the action taken thereon.

the 22nd September Germany requested Japan to respect the German Embassy in Nanking and all quarters of the town in which Germans were living.

Mr. Hirota replied to the British and American protests by giving an undertaking that non-combatants would not be attacked and that foreign rights would be respected. Admiral Hasegawa, said the Foreign Minister, had by his warning wished only to ensure the safety of foreigners before extending the range of aerial attacks, and his desire was to avoid causing incidental damage to foreign residents. This did not satisfy the Government of the United States, who sent a note strongly condemning the proposed attacks. The British Foreign Office expressed satisfaction with the step taken by the United States, but were content, for their own part, to make oral representations through the British Ambassador in Tokyo.

The threatened mass air attack upon Nanking was actually postponed, possibly because of bad weather, until the 22nd September. Fifty aeroplanes bombed the city on the morning of that day and fifteen more rained incendiary bombs on the residential quarters during the afternoon. Severe damage was inflicted, especially along the waterfront, where refugee camps were hit and some two hundred civilian casualties were inflicted. On the 25th there was a further series of raids in which eighty Japanese aircraft were engaged and some seven hundred civilians were killed and wounded. In general, however, thanks to the extent of the open spaces within the walls, the devastation caused was much less than had been expected, and if the Japanese hoped to shatter the *moral* of the Chinese Government and populace, they were grievously disappointed, for, so far from being reduced to despair, the Chinese showed signs of being encouraged by the severity of the losses which the raiders sustained from pursuit aeroplanes and from the anti-aircraft defences.

These attacks on Nanking, as well as a destructive attack on Canton on the 23rd September, evoked representations from six foreign Powers, Great Britain, the United States, France, Germany, Italy, and the U.S.S.R. The last mentioned, in a final protest made in Tokyo on the 26th September, declared that orders had been given to the Soviet Ambassador in Nanking to remain at his post, and that Japan would be held responsible for the consequences of her illegal actions.

The Japanese Government were evidently alarmed at the universal condemnation aroused by Admiral Hasegawa's proclamation and the subsequent air attacks. On the 25th September the Gaimusho spokesman said that fresh and strict orders had been sent to the

Japanese commanders in China to safeguard the lives and property of non-combatants, especially those of neutral countries. He was certain that the Japanese Air Force, in its attacks on Nanking, was 'restricting the bombardments to those Chinese military establishments which are considered to be the bases of the present provocative Chinese hostilities'. In a subsequent interview he said that 'nothing had been settled in law regarding aerial warfare, and recalled that at The Hague in 1922, when Japan, the United States and Italy had proposed that the permissible objectives of aerial attack should be concretely defined and enumerated, Great Britain and France had insisted that whatever could be called a military establishment could be bombed'.¹

On the 29th September identic notes were handed to the British, American, and French Ambassadors in Tokyo, in reply to the representations about the bombing of Nanking. The Japanese Government abstained from giving any pledge to refrain from bombing, but asserted that the aerial operations were not directed at non-combatants, and repeated the suggestion that foreigners should evacuate areas subject to Japanese air attack.

The correspondent of *The Times*² in Tokyo remarked that 'in spite

¹ The reference was to the *General Report of the Commission of Jurists to consider and report upon the Revision of the Rules of Warfare*. This Commission was appointed in pursuance of a resolution adopted by the Washington Naval Conference of 1922 and sat at The Hague from the 10th December, 1922, to the 17th February, 1923. Article 22, which was agreed upon without demur, stated that 'aerial bombardment for the purpose of terrorizing the civilian population, of destroying or damaging private property not of military character, or of injuring non-combatants is prohibited'. Article 24, paragraph 2, laid it down that 'such [aerial] bombardment is legitimate only when directed exclusively at the following objectives: military forces, military works, military establishments or depots; factories constituting important and well-known centres engaged in the manufacture of arms, ammunition or distinctively military supplies; lines of communication or transportation used for military purposes'. Paragraph 3 declared that 'the bombardment of cities, towns, villages, dwellings or buildings not in the immediate neighbourhood of the operations of land forces is prohibited. In cases where the objectives specified in paragraph 2 are so situated that they cannot be bombarded without the indiscriminate bombardment of the civilian population, the aircraft must abstain from bombardment'.

The report stated that agreement upon this article was difficult to reach and gave rise to prolonged discussions, and that 'numerous proposals were put forward by the various delegations before unanimity was ultimately attained. . . . In particular mention may be made of an Italian proposal of the 8th February on which the text ultimately adopted was in great part founded. Regret was expressed by some delegations that a more far-reaching prohibition did not meet with unanimous acceptance'. The report of the Commission was submitted to the several Governments represented, but no further action was taken.

² See the issue of the 1st October, 1937.

of the dry and non-committal tone of this communication, it can well be said that Japanese operations in the air will not again be on the unrestricted scale of the 22nd September'. In so far as the Japanese had in the earlier attacks been deliberately attempting to terrorize the civilian population and the civil Government, such a policy did in fact appear to have been suspended. Attacks during the next six weeks were confined to military objectives, and the casualties among civilians and damage to private property which now occurred could reasonably be ascribed to erratic aiming. There were, it was true, several more mass air-raids on Nanking between the 7th and the 11th December, but these took place on the eve of the capture of the city by the Japanese forces, at a time when it was full of Chinese troops. Generally speaking, the representations of the Powers apparently had the effect of making Japanese airmen avoid dropping bombs in the central areas of cities and confine their attacks to the outskirts, where military establishments were normally situated, although there was an exception to this in the case of a raid on Canton in the month of November, when the residential districts of the city were subjected to another deadly bombing.

To return to the subject of Japanese attempts to break down the resistance of the Chinese armies by cutting, or deranging, their communications, these in general achieved only a minor degree of success. In an interview with a German Press correspondent in January 1938 General Chiang said that he felt little anxiety regarding the continuance of the supply of foreign munitions, since, even should the route from Canton become impracticable, there would remain the route via French Indo-China, not to mention the domestic sources of supply scattered throughout the Chinese hinterland. General Chiang referred also to the new road which was being rapidly carried through from Yunnanfu by way of Talifu and Paoshan to Kongyang on the Burmese frontier to link up with the railhead at Lashio in the northern Burmese territory,¹ and he confirmed the report that the Sinkiang route was open for supplies coming through from the Soviet Union. An indication that the Chinese leader was not painting a too optimistic picture was provided by the stout resistance which the Chinese armies made to the Japanese advance upon Suchow during the spring of 1938, for this would certainly not have been possible if China had not had fresh supplies of munitions and weapons, as well as newly trained troops, to repair the losses sustained in the 1937 fighting.

¹ For particulars about this route see the articles from a special correspondent of *The Times* published in the issues for the 17th, 18th, and 19th May, 1938.

(e) THE DEVELOPMENT OF WAR POLICY IN JAPAN

If the foregoing account of military operations in China in 1937 provides no very clear indication of the objectives of Japanese strategy, the reason for this may be sought in two directions. From the military point of view China, because of its size, relative self-sufficiency and decentralization, offered no vital targets for attack; even the loss of the capital itself meant no such serious blow to the national economy or to the organization of the Government as this would have meant in most civilized countries. The other cause of difficulty in identifying Japan's objectives lay in the flexibility of her war aims, which visibly changed as the conflict developed.

The responsibility on the Japanese side for the resort to arms in North China lay primarily with the military authorities, and in the initial stages the Army virtually took charge in the political as well as the military sphere, while the Government in Tokyo contented themselves with the part of more or less passive spectators. It was the military officers on the spot who conducted negotiations with the Chinese in the field and in Peiping and Tientsin—the consular authorities being relegated to the background. Even the Ambassador himself, though he travelled north to Tientsin a few days after the opening incident, refrained from intervention.

As the situation developed it became clear in fact that the Japanese Government were 'holding the ring' for the Army authorities. It was left to the latter to exploit the position on the spot by enforcing their own terms on the North China Administration, while diplomatic action was directed to inducing the Chinese Central Government to remain outside the arena and to discouraging any move towards third-party intervention—a method of procedure which was euphemistically described as the 'localization' and 'non-aggravation' of the conflict.

This line of policy had the support of those in Japan, in both civilian and military quarters, who feared that a major conflict with China might involve Japan in war with the U.S.S.R. As 'incident' followed 'incident' in the Peiping area, the tone of the military became, however, increasingly bellicose, and the announcement of the Minister for War on the 25th July that the Army had decided to begin 'punitive action'¹ could reasonably be regarded as marking the parting of the ways leading respectively to peaceful settlement and to war. Nevertheless the Government tacitly acquiesced, and a few days later the Prime Minister stated that the Cabinet had resolved on the necessity

¹ See p. 191, above.

for a 'fundamental solution', implying that the 'localization' policy was on the way to being abandoned. By the end of the month the situation in North China, with 'punitive action' under way, had become so sharply exacerbated that, even if the Japanese Government were still, as they professed, aiming at 'localization', the opportunity had practically slipped out of their hands owing to the hardening attitude of the other party in the struggle. General Chiang Kai-shek had indeed declared, in a statement issued on the 29th July, that a juncture had been reached at which it was out of the question for China to continue to consider the position in the North as a matter for local settlement.

Whether or not the extension of hostilities to Shanghai which occurred in August was in accordance with Japanese plans—a question which has been discussed earlier in this chapter¹—the effect of the new development upon Japanese war temper was plainly apparent. On the 15th August, two days after the fighting at Shanghai began, the Government issued a statement in which they declared that Chinese arrogance and insolence had exhausted Japanese patience and that drastic action would be taken to chastise the Chinese Army. The statement contained a feature which constantly recurred in later official pronouncements and provided a clue to the Japanese mind in its outlook on the conflict. The strongest insistence was laid upon 'Red instigation' as the principal cause of the 'arrogant and insulting attitude' and 'contemptuous' treatment of Japan of which China was accused. The real enemy, behind the Kuomintang, was alleged to be Communism.² Five days later, on the 20th August, Prince Konoe told Japanese Press representatives that the policy of confining the affair to North China had been abandoned in consequence of the Chinese attack at Shanghai, while he referred at the same time to the possibility of a new Chinese Administration being set up in North China, which, he said, 'must keep in close touch with Japan'. From the time of the Shanghai outbreak onwards it was noticeable that all restraint was abandoned in Japanese official references to China, which thenceforth were couched in such crude and threatening language as that which was used on the 28th August by the Prime Minister himself—who was far from being reckoned among the extremists—when he declared that Japan was determined to 'beat China to her knees'.

¹ See pp. 208 *seqq.*, above.

² For this use of the bogey of Communism as a stalking-horse by the three 'Triangle' Powers in their aggression against non-Communist victims see pp. 37 *seqq.*, above.

Apart from General Katsuki's terms for a local settlement in North China, the substance of which has been given in an earlier part of this chapter,¹ the only indications which had so far been given of the Japanese Government's view as to the conditions on which peace could be restored were the very indeterminate statements by official spokesmen that the war must continue until China had been brought 'to mend her ways', 'to reconsider her attitude', and to 'co-operate with Japan for the establishment of peace in East Asia'. On the 5th September, when the Diet met in emergency session, Prince Konoe was more precise. He admitted that the time was past for attempting any settlement on a local basis and that it must now be Japan's aim to deal such a firm and decisive blow at the Nanking Government and the Chinese Army as would destroy the latter's will to fight. He was still careful, however, not to close the door entirely upon the possibility of negotiating peace with Nanking. 'If,' he said, 'the (Central Government truly and fully re-examines its attitude and in real sincerity makes endeavours for the establishment of peace . . . our Empire intends to press no further.'

Up to this time the official attitude in Japan towards the question of peace overtures had been that the first move must come from the Chinese side. The Chinese, however, had shown no inclination to play the rôle of suppliant, and towards the end of October, when, after nine weeks' fighting round Shanghai, the Chinese lines of defence were beginning to give way, a new phase opened. There was ground for believing that the Japanese Prime Minister, in spite of his fiery denunciations of the Nanking Administration, had actually from the start, and against the wish of his military colleagues, been privately putting out tentative 'feelers' with the object of starting negotiations.² Considerations of national 'face' had constrained Japan to wait for a substantial Japanese military success before taking overt steps towards a settlement, and with the retreat of the Chinese troops the moment appeared propitious. It is possible that the Japanese Government were at the same time being urged towards action for settling the conflict by the Government of Germany, whose fast developing economic interests in China were being threatened with destruction.³ In any case, as was revealed later, the German Ambassador in China began at this time to explore the ground at Nanking with an eye to the opening of *pourparlers* between the

¹ See pp. 184-5, above.

² See, for example, *The Daily Telegraph's* message from its Tokyo correspondent in its issue of the 9th October, 1937.

³ See p. 47, above and p. 294, below.

belligerents, and at the same time the Japanese Government let it be known that, while maintaining their opposition to any intervention in the formulation of peace terms, they would not reject the good offices of a third party for the purpose of bringing the two principals into direct touch. Dr. Trautmann's preliminary efforts in this direction were apparently fruitless, but on the 5th November Press correspondents in Berlin reported that Herr Hitler had communicated to the Japanese and Chinese representatives a formal offer to mediate, and that the offer had been accepted. The report was immediately corrected by German Government officials, who described it as 'premature', and for a time nothing more was heard of the matter. At the beginning of December, however, when the Chinese Foreign Office had already vacated Nanking and was established at Hankow, Dr. Trautmann travelled back to Nanking and held conversations with General Chiang Kai-shek. No information regarding the German Ambassador's mission penetrated to the outside world, except for unsubstantiated reports that the proposals which he laid before the Generalissimo had met with a flat rejection. The fact that on that occasion he submitted terms on behalf of the Japanese Government, though questioned at the time, was later, on the 18th January, 1938, confirmed by the Japanese Foreign Office spokesman, who stated that his Government had gladly agreed to the German offer of mediation, and added that, since the Chinese Government had chosen to ignore the 'magnanimity of the Japanese Government and the friendly gesture of the German Government', the latter had been obliged to discontinue their action. Finally, a German official statement issued on the following day declared that the German Government had been actively solicited towards the end of October to use their good offices, and that they had agreed to do so on the understanding that their co-operation should be limited to the facilitation of a direct exchange of views.

It was clear, therefore, that up to December the Tokyo Government were feeling their way towards an arrangement with the Chinese Government for a cessation of the conflict. The nature of the terms which were offered to China could not be conclusively established. A statement purporting to give the conditions, and alleged to have emanated from Russian sources at Hankow, appeared in the foreign Press at the beginning of January 1938, while a slightly different version was communicated on the 31st December, 1937, by Reuter's correspondent in Shanghai, who stated that he had received it 'on trustworthy authority'. According to these sources the Japanese Government had demanded from the Chinese

Government a repudiation of Communism, co-operation with Japan in combating it, and Chinese adherence to the Anti-Comintern Pact; economic co-operation; the recognition of 'Manchukuo'; the creation of a demilitarized zone round Shanghai and other specified places; the employment of Japanese advisers; permission for Japanese troops to garrison 'certain places'; agreement to the erection of an independent Government in Inner Mongolia; and, finally, payment of a war indemnity. Commenting on this list—which, he observed, was incomplete and not officially confirmed—the Tokyo correspondent of *The Times*¹ remarked that the omission of any direct mention of North China was explicable in the light of the facts that Japan had consistently disavowed 'territorial ambitions' in that region and that, if her other demands were conceded, she could dispense with any formal infringement of China's nominal territorial integrity and yet obtain all the control that she desired.

The authenticity of the newspaper statements of the Japanese terms remained without confirmation, and at a later date the Chinese Minister for Foreign Affairs, referring to the Trautmann mission, declared that the proposals had not been concrete enough to provide a basis for negotiation. If the reports could nevertheless be assumed to be substantially correct, the major additions which Japan was now making to the demands that she had been pressing upon China before the military conflict began could be summed up under three heads, namely: the creation of demilitarized zones, Chinese acquiescence in an independent Inner Mongolia, and the payment of an indemnity. The employment of Japanese advisers and the admission of Japanese garrisons were no new demands, but the requirements under these heads were capable of being enlarged to a scale at which their acceptance by China would have meant the almost total extinction of her national independence. This was clearly in the minds of the Chinese, and was reflected in comments in the Press such as that 'China can have no belief in any Japanese terms other than utter surrender'.

The moment at which the governing power in Japan despaired of achieving its ends by negotiation with the existing Government of China could not be exactly determined. In a speech delivered on the 28th November, 1937, Prince Konoe, while declaring that his Government were still ready to negotiate with General Chiang Kai-shek if the latter would 'change his policy', intimated that a prolongation of the war might lead to the establishment of local régimes in China which Japan might be willing to recognize; on the same day the

¹ See the issue of the 3rd January, 1938.

Japanese Ambassador in China told Press correspondents that there was as yet no intention of destroying the Chinese Government, and that Japan would not refuse to conclude with General Chiang a peace free from 'punitive' terms. A fortnight later the Japanese Army reached and entered Nanking. After the fall of the capital there was an opportunity for both a military and a political breathing-space. The troops were halted and their Commander-in-Chief announced that, since it could still be hoped that the Nationalist Government would 'reconsider their attitude' (using the well-worn phrase), he proposed to allow time for this. General Matsui's hopes were doomed to immediate disappointment. In a manifesto issued on the 16th December General Chiang Kai-shek called on the Chinese nation to continue its resistance to Japan, and to this appeal the Cabinet was reported to have given its full concurrence. At the same time Chinese troops launched counter-attacks on the Japanese at Hangchow, and though it was reported that the German Ambassador had resumed his efforts at mediation at the end of the year, it was manifest that the attempt by the Government at Tokyo to bring the Chinese Generalissimo to an acceptance of their own terms for peace had been an utter failure.

In the meantime a groundwork for an alternative policy of setting up a 'puppet' Government in China was being laid by the action of the Japanese military in promoting the establishment, in the provinces occupied by their forces, of the so-called 'Peace Maintenance Commissions' and, later, of regional 'puppet' Governments, an account of which is given below.¹

This was the state of affairs when the Japanese Cabinet and Imperial Headquarters² entered, on the 19th December, upon a series of deliberations on the war policy of Japan which were continued intermittently into the following year. During the latter part of their discussions there was a daily expectation of the appearance of a fundamental declaration of policy by the Japanese Government. The repeated postponement of such a statement gave plausible grounds for the supposition that there was a deep cleavage of opinion in the highest quarters, which may well have coincided with a conflict between civilian and military views; but the divergence was also believed to lie between those who favoured a settlement with the existing Government of China as a necessary means of saving that country from a

¹ See pp. 247-56.

² This body had been established some weeks back in order to serve as 'an agency of supreme command, based on the Imperial prerogative, for the purpose of unifying the high commands of the Army and Navy'.

relapse into anarchy or Communism, and those who believed that the spirit of the Kuomintang leaders was such that, if their authority were preserved, the struggle between the two countries, even if temporarily suspended, would inevitably revive within a few years. Even among the military there was a section of opinion which thought it a mistake to widen the breach with China further than could be helped. They invoked the analogy of Prussia and Austria after the war of 1866. Japan's policy, they maintained, should follow the lines of that which Bismarck adopted after Sadowa, and not of that which he followed in dealing with France after Sedan. Japan would need China's friendly neutrality if she became involved in a war with the U.S.S.R. and, with this in view, she should avoid inflicting too great a loss of 'face' on the Chinese Government and people.

This latter view found little reflection, however, in the Japanese Prime Minister's New Year message, in which, in warning his audience of the need to prepare for a protracted struggle, he said: 'No matter how troublesome, Japan must go to the length of destroying the very source of the so-called long-term resistance against Japan.' On the 10th January, 1938, it was announced that the Cabinet had finally reached a decision which implied that, in view of China's 'recalcitrant attitude', a 'strong policy' would be pursued, and that the Imperial Council had been summoned to ratify the Cabinet's conclusions. Yet another six days passed before, on the 16th January, the long-expected statement on policy was issued by the Government in Tokyo. From this statement it was learnt that the Government had decided to withdraw recognition from the Chinese Central Government, to cease from dealing with it, and to rely on the 'establishment and growth of a new Chinese régime, harmonious co-ordination with which can be counted upon'. With such a régime Japan would, it was added, co-operate for the adjustment of Sino-Japanese relations and 'the building up of a rejuvenated China'. The statement concluded with an assurance that this decision involved no change in the policy of respecting the territorial integrity and sovereignty of China, as well as the rights and interests of other Powers in China.

The comment made upon this statement by the correspondent of *The Times*¹ in Tokyo may be quoted in conclusion.

The deliberation [he wrote] with which the decisions now announced were reached shows that the Japanese Government face with reluctance the task of building up a subservient Chinese Administration and eliminating resistance and establishing order while the new régime gradually

¹ See the issue of the 17th January, 1938.

acquires vitality. Every possible effort has been made to ensure national unity for the test of endurance which is beginning.

On the 18th January, 1938, two days after the Government had issued their statement of policy, it was announced that Mr. Kawagoe, the Japanese Ambassador in China, had been recalled, and that Mr. Hsu Shih-ying, the Chinese Ambassador, was leaving Japan.

(f) THE ESTABLISHMENT OF PROVISIONAL ADMINISTRATIVE RÉGIMES
IN CHINA

While the Generals and Cabinet Ministers in Tokyo were debating fundamental issues of war policy, the Japanese armies in China were faced with the immediate problem of making some provision for the restoration of law and order in the territories which they had overrun. The retreat of the Chinese forces was in most cases accompanied by the flight of the Chinese local authorities, and, unless the consequent administrative vacuum were promptly filled, the areas behind the Japanese lines would be given over wholly to anarchy or be reorganized under Communist auspices. In order to avoid these perils, to provide a modicum of administrative authority and to reduce military commitments in the matter of policing—which were already becoming formidable to a Japanese General Staff which was anxious to hold a substantial part of its ‘man-power’ in reserve for use, if required, in a war with the Soviet Union—the Japanese field officers were compelled, for urgent military reasons, apart from any ulterior political considerations, to organize provisional administrative régimes in the larger centres of the conquered regions. These took the form of ‘Peace Maintenance Commissions’, of which the title sufficiently explains the most essential of the functions which their Japanese authors designed them to fulfil. These committees were composed of Chinese of the old school who had never felt any sympathy towards Nanking or the Kuomintang. The committee at Tientsin, for instance, was headed by Kao Ling-wei, who had been Premier in the Peking Government of 1923–4, while that which was organized at Peiping was presided over by General Chiang Chao-sung, an elderly dignitary who had been Acting Premier in 1917. The last vestiges of the ‘pre-war’ Northern régime had disappeared with the resignation on the 7th August of Mr. Chang Tsu-chung, Mayor of Tientsin, who had succeeded General Sung Cheh-yuan as Chairman of the Hopei-Chahar Political Council, and a fortnight later the Council was declared defunct. The Peace Maintenance Commissions in Peiping and Tientsin were then associated, and a joint body formed

for the control of Tientsin, Peiping, and East Hopei. Other similar organizations, which had been set up in provincial cities, likewise established connexions with the Peiping-Tientsin body, and for a time it appeared that these federated commissions might serve as the nucleus for a nominally autonomous Government for the whole of North China. The Japanese, however, showed no haste to establish such an administration. A proclamation was, it is true, issued to the effect that, as from the 13th October, 1937, Peiping would revert to its time-honoured name of Peking,¹ but this was evidence not so much of an intention to prepare the site for a new Government as of a desire to conciliate local sentiment, since the inhabitants had always resented a change which was associated in their minds with the degradation of the former capital. The position apparently was that, though Japanese opinion was united in believing in the necessity for a new administration in the North which should display a façade of autonomy while acting in close collaboration with Japan and 'Manchukuo', there were differences of view as to the form which this régime should take and the area over which it should extend. It became evident that the Japanese did not seriously contemplate the union of North China with 'Manchukuo' under the Emperor Kang Teh²—a step which would have put an abrupt end to the peace overtures to Nanking which were being made at the time through the medium of the German Ambassador in China.³ So long as Dr. Traut-

¹ The city had borne many different names in the past. To go no farther back than the Mongol period, the name given by Qubilai Khan to the new metropolitan city which he created in 1264-7, on the site of the capital of the Mongols' barbarian forerunners the Kin, was Khanbalik (i.e. 'the Ruler's City'). The first Emperor of the succeeding Ming dynasty, after having expelled the Mongols from Intra-Mural China in A.D. 1351-68, transferred the capital to the city on the Yangtse to which he gave the name of Nanking, and degraded the northern city to simple prefectural status with the name of Peiping ('northern peace'). The third Ming Emperor, Yung Lo, however, restored the northern city to the position of capital in A.D. 1421, and changed its name to Peking ('northern capital'). When the central seat of government reverted once more to Nanking in 1928, the name of Peiping was, logically, revived (see A. J. Toynbee, *A Study of History*, vol. ii (second edition, London, 1935, Milford), pp. 121-3). The changing of the name once more to its old form Peking in 1937 had, therefore, a certain implication that it was again the centre of government for China.

These frequent mutations leave the historian in a dilemma as to which designation to use. The method here adopted is to use the name 'Peking' when referring to the period before 1928 and also when it forms part of the title of the new provisional Government. In all other cases Peiping is used.

² A foreign newspaper correspondent, in reporting a conversation with a Japanese high official, quoted the latter as making the significant remark: 'the Army thinks that Pu Yi has too much territory already.'

³ See above, pp. 242-3.

mann's conversations were in progress, the Japanese, in their plans for North China, hesitated to go beyond the creation of a regional administration which need not be entirely divorced from the nominal authority of Nanking, but could be relied upon to suppress anti-Japanese and Communist elements in the area under its control. In the meantime the Japanese officers on the spot devoted their energies mainly to indirect methods of preparing the way for a new form of government. For instance, in order to appeal to conservative elements among the population of North China, they encouraged the revival of Confucian worship—signs of which had already been apparent under Sung Cheh-yuan's régime—and they renewed their efforts to remove any anti-Japanese animus from the text-books used in the schools, and to promote the teaching of the Japanese language. As for the Government Universities, both teachers and students had for the most part fled south or joined the Nanking forces, and little if any attempt was made to reopen these institutions for Chinese higher education.

In Inner Mongolia a separatist policy was followed under the aegis of the Kwantung Army, but their action in this direction was regarded with little favour by the politically minded officers of the Japanese North China Garrison, who had been the chief supporters of the 'five province' plan,¹ and who had no desire to see Chahar abstracted from their own domain. An 'autonomous' Government of North Chahar already existed,² and in September a 'South Chahar Government' was set up at Kalgan, which declared its independence of, and complete separation from, China. The military conquest of Suiyuan was in turn followed by the organization of a 'Peace Maintenance Commission' at Kweihua, which—in conjunction with several other newly created local bodies—issued a manifesto on the 23rd October, proclaiming its independence of China, denouncing Communism and Chinese militarism, and demanding a new administration based on the 'Kingly Way' principles, as exemplified in 'Manchukuo'.³ A National Assembly, consisting of five hundred delegates from all the Mongol tribes, was now convoked at Kweihua (*alias* Suiyuan City) to decide upon the form of the new Government. The assembly established a Federated Autonomous Government for Inner Mongolia, with the aged Prince Yun as nominal head and Prince Teh⁴ as vicegerent. A new national flag was adopted, and it was decreed that state documents should be dated from the era of Chingis Khan (a reckoning on which the current year was 732) and that the name of

¹ See the *Survey for 1936*, pp. 908–10.

² See *op. cit.*, pp. 937–8.

³ See *op. cit.*, p. 914.

⁴ See *op. cit.*, pp. 914–16.

Kweihua should be altered to Hohokoto. Thus the Mongol desire for a separate national state was gratified, and a new political entity was brought into existence which would inevitably have closer relations with 'Manchukuo' than with North China. The effect of this latest political manœuvre was well described by the writer of a leading article in *The Manchester Guardian*¹ as

a clever stroke which should ensure continued Mongol support for the Japanese during the present war and may also raise hopes among those Outer Mongols who are not completely satisfied with the Marxist interpretation of national independence.

The Chinese retreat from Shanghai in October and the imminent prospect of the fall of Nanking had the result of giving a somewhat wider range to Japanese calculations,² which began to discount the survival of any degree of Central Government authority in North and East China. The setting up of 'autonomous' administrations was now carried farther afield. At the end of November it was reported that an 'autonomous' Government for Northern Honan had been established at Changteh, and a similar organization for Shansi was set up at Taiyuan early in December. At meetings held by the now numerous local 'Peace Maintenance Commissions' in Hopei and Shantung, manifestoes were issued denouncing General Chiang Kai-shek and the Kuomintang and demanding a new Government for China.

In their hesitation to use their power for bringing a single Government into being the Japanese Government were actuated by the political considerations which have already been examined at an earlier point in this volume.³ There was, however, also a practical obstacle which they had no means of removing. This was the difficulty of finding individual Chinese of sufficient standing in the popular eye to fill high governmental positions. Major-General Kita, the Japanese military attaché, to whom in particular the task of finding the necessary personnel seems to have been entrusted, turned to the surviving members of the Anfu and Chihli parties,⁴ with the apparent purpose of bringing back into political life the remaining elements of the old Republican régime which had existed in Peking before the rise of the Nationalists. The Anfu group had worked in close collaboration with Japan during the heyday of its power, that is to say in the years between 1916 and its overthrow in 1920, and its members were therefore an obvious first choice, despite the fact that they had incurred

¹ In the issue of the 30th October, 1937.

² This has been dealt with already in discussing the development of war policy in Japan (see pp. 242-3, above).

³ See pp. 244-6, above.

⁴ See the *Survey for 1925*, vol. ii, pp. 313-15.

the suspicion of being Japanese mercenaries. But they were suffering from the recent loss of their leader, Marshal Tuan Chi-jui. The Chihli party, having originally been hostile to the Anfu group, was opposed to the Japanese influence which had helped to keep their rivals in power, but the two groups had since found a common enemy in the Kuomintang, whose access to power had involved their leaders in losses of place and profit, and the 'Chihli' partisans could, therefore, be regarded as potential supporters of an 'independent' Government. The former head of the Chihli group, Marshal Wu Pei-fu,¹ who had been for a number of years a political hermit, could not now be tempted out of his retirement on any terms to which the Japanese would accede. General Tsao Kun, another of the party's leaders, who had become President of the Chinese Republic in 1923 after an openly corrupt election,² was equally cautious about returning to public life. The Japanese were thus disappointed in the hopes which they had apparently entertained of a restoration of the pre-Nationalist régime, with Tsao as President and Wu as Premier, and were thrown back as a *pis aller* upon a provisional committee system of government, composed of such lesser luminaries as they could entice into their orbit.

In spite of these difficulties in the way of enlisting suitable leaders, a 'Provisional Government of the Chinese Republic' was eventually installed in Peiping on the 14th December, 1937. It was composed of three commissions—legislative, executive and judicial—with various subsidiary departments. Tang Erh-ho, a former Finance Minister and a graduate of Tokyo Imperial University, was appointed Chairman of the Legislative Commission, but the effective head of the Government, who held the office of Chairman of the Executive Commission and of the Administrative Department, was Wang Keh-min, a typical example of the old style of Chinese banker and an extremely able financier, who had never concealed his pro-Japanese leanings, and who had been Acting Chairman of the Peiping Political Council, which had had control of affairs in the North until its supersession by the Hopei-Chahar Council in 1935.³ The proclamation which announced the formation of this new Provisional Government—depicted, it could safely be presumed, by a Japanese brush—declared that the doctrines of the Kuomintang had been responsible for the war with Japan and that the new Government was being erected with the

¹ See the *Survey for 1925*, vol. ii, pp. 310 *seqq.*, the *Survey for 1926*, pp. 249 *seqq.*; the *Survey for 1927*, pp. 323 *seqq.*; the *Survey for 1931*, p. 408.

² See the *Survey for 1925*, vol. ii, p. 312.

³ See the *Survey for 1935*, vol. i, pp. 330-1.

object of restoring a democratic state and of freeing China from party-dictatorship and Communism. At the same time General Terauchi issued a proclamation at Tientsin, calling upon the people to give whole-hearted support to the new administration and threatening the punishment of any Chinese who by opposition to it might 'disturb the mind of the populace'. The National Government in Nanking promptly denounced the new administration as a bogus institution set up by the Japanese in violation of the territorial and administrative integrity of China, and issued a mandate ordering the Military Council at Hankow to arrest and punish as traitors every Chinese who was concerned in it.

The new Peking Government, while it contained some men whose names commanded a certain measure of respect among the older generation in the North, obviously could not, in the circumstances of its origin, be expected to arouse enthusiasm in the nation as a whole or to wield much authority even within its own sphere. Its efficiency was further diminished by a disagreement which soon arose between its members over the question of Japanese advisers. Kao Ling-wei had agreed to Japanese advisers being attached to every department, as had been done in 'Manchukuo', but this met with opposition from Wang Keh-min—'a very determined and obstinate old gentleman', to quote the description of him given by a writer in *Oriental Affairs*¹—who let it be understood that he was willing to see well qualified Japanese appointed as advisers to the Government as a whole, but that he objected to the appointment of a host of petty bureaucrats. In this he had some support from moderate Japanese opinion, which was not blind to the drawbacks of making a 'puppet' Government's puppetry too blatant.

The status of East Hopei created additional difficulties for the new 'Republican' Government. Yin Ju-keng had fallen into disgrace with the Japanese after the Tungchow massacre² and had been imprisoned by the orders of the commander of the Japanese gendarmerie at Tientsin. His successor as head of the East Hopei régime was Chi Tsung-mo. When the new Government was established in Peiping the East Hopei Administration issued a circular announcing its own liquidation, but Chi Tsung-mo made it clear that the pronouncement was a mere matter of form, and his Government continued to function as before. Wang Keh-min meanwhile declared his determination to get rid of the independence of East Hopei and, although the Japanese did their best to secure a compromise, the controversy was still unsettled at the end of the year.

¹ See the issue for the 11th February, 1938, p. 113.

² See above, p. 192.

The erection of new administrative bodies in North China raised the question of the public liabilities which the previous régime had incurred. In a statement to the Press on the 30th December, Major-General Kita declared that the old domestic loans, as well as foreign debts, would be honoured, and that all foreign rights and interests would be fully respected. He added that the investment of foreign capital in North China would be welcome. Incidentally he took this occasion to announce that the Provisional Government were engaged upon plans to establish a permanent National Government, and he declared his expectation that the North Shansi Government and the Mongol Federation would soon amalgamate with the new Peiping administration.

In attempting to lay the foundations of a new Government in China, the Japanese and their Chinese partisans, as has been shown already, did not neglect possibilities of attracting popular support, and in the course of the later months of 1937 several political organizations were brought into being in Peiping with the avowed purpose of promoting anti-Kuomintang and pro-Japanese sentiments.¹ One of these, the 'North China Youth Party', which had been established in August, was eventually dissolved by the Japanese on the ground that its leader was found to have been formerly a Communist. On the 24th December it was announced that a new political party, the 'Hsin Min Hui', had been formed to promote Sino-Japanese friendship and to combat Communism, its leader being a former Foreign Minister of 'Manchukuo'. To replace the *San Min Chu I* (the 'Three Principles of the People') of Sun Yat-sen, the party produced a new political creed under the title of *Hsin Min Chu I* or 'New People's Principles'.

The occupation by the Japanese Army of large areas in the Yangtse valley brought with it administrative problems similar to those which had confronted the forces operating in North China, although the

¹ The Kwantung Army had made similar attempts to reconcile public opinion in 'Manchukuo'. The 'Bureau for directing Self-Government' had been created before 1932 in order 'to hasten the day of Manchurian independence'. After the establishment of the state of 'Manchukuo' the Bureau divided: one part formed the nucleus of the 'Manchukuo' Government; the other became a 'people's organization' under the name of the 'Manchukuo Concordia Society'. The activities of this society included the issue of popular broadcasts, of pamphlets, of posters, and of a daily newspaper; the exhibition of cinematograph films; and the promotion of the study of the 'Kingly Way'.

Under the new régime education in the proper sense received little official encouragement, the budget of the Department of Education being only about one half of the amount spent on education by the former Chinese Government of the four North-Eastern Provinces. Higher education in particular was neglected. (See T. A. Bisson: *Japan in China* [New York, 1938, Macmillan Co.], ch. 12.)

greater devastation and almost complete depopulation, for the time being, of the country between Shanghai and Nanking may have lessened their immediate urgency. In Central China the Japanese had to contend with a particularly strong popular feeling against themselves and their Chinese partisans, for the reign of terror which had followed the occupation of Nanking had raised to the highest pitch the hatred with which the Chinese in this part of the country, the former centre of the Kuomintang's power and influence, regarded the invading Power. This, coupled with terrorist reprisals against any individuals who were suspected of willingness to take office under the conquerors, made it difficult for the Japanese to collect the necessary personnel for a pliant administration, and they could do little in this direction until after the recall of General Matsui and of the reserve units which had been responsible for the worst of the outrages in Nanking. Meanwhile the existence in Peiping of a Government which claimed authority over the whole of China made it the more difficult to set up another administration in the Yangtse area, which would of necessity be a separate one for so long as the areas under Japanese military occupation were sundered by the Chinese hold upon the line of the Lunghai Railway. In these circumstances the establishment of a 'puppet' Government for Central China could not but imply a certain degree of rivalry with the Northern 'puppet' régime and lead to a confusion which could only redound to the advantage of the legitimate Chinese Government at Hankow.

These considerations serve to explain why the organization of a new Government for Central China, with its seat at Nanking, was delayed by the Japanese until the early months of 1938. Although it thus falls outside the strict scope of a survey of the events of the preceding year, a short account of its establishment is added to this chapter in order to complete the record of Japanese activities in this particular sphere. Late in March 1938 it was announced that a new administration had been set up to administer those portions of the provinces of Anhwei, Chekiang and Kiangsu which were under Japanese military control. A working arrangement was stated to have been reached with the Peking Government by virtue of which the Nanking régime would be affiliated to that Government but would exercise autonomous powers within its own territories. It was reported from Tokyo that the Japanese Cabinet had decided in principle that the Nanking administration should be so organized that it could be amalgamated with the régime at Peiping as soon as the Chinese armies had been driven from their intervening positions round Suchow.

The 'Reformed Government of the Republic of China' was formally inaugurated at Nanking on the 28th March. Like the Northern 'puppet' régime it was made up of three departments, executive, legislative and judicial, with diverse ministries attached to each, and it was composed of elderly officials who had been prominent in the old Republican days and who had retired into private life upon the triumph of the Nationalists and the coming into power of the Kuomintang. The head of the executive department and leader of the new régime was Mr. Liang Hung-chih, who had been a leading member of the Anfu group and a close associate of Marshal Tuan Chi-jui. Mr. Wen Tsung-yao, the head of the judiciary, had come to the fore in the revolution of 1911-12, and Dr. Chen Chin-tao, the Minister for Finance, had served in the same capacity in four previous administrations. Mr. Cheng Lu, a diplomat of long service, chiefly spent in France, was appointed Minister for Foreign Affairs. Since no candidate for a similar post at Peiping had yet been discovered, apprehensions in the North that the Nanking régime might aspire to take the lead in the conduct of foreign relations were naturally increased. The twenty or more other officials in the higher ranks of the new Government were also mostly former members of the Anfu party. Acceptance of office was popularly regarded as treason, and the personal risk which it involved was illustrated even before the new régime officially came into being, when General Chao Feng-chi, who had been marked out for the post of War Minister, was assassinated in Shanghai by the hand of a member of a chauvinist society.

The customary manifesto issued by the new Government on their inauguration declared that they would seek to conclude peace with Japan, would initiate negotiations 'to restore the ties of amity and to end the deplorable strife between neighbouring states whose peoples are of the same race', and would respect the just rights of foreigners in China, though they would not recognize any treaties or contracts concluded by foreign Powers with the Hankow Government or with the several Provincial Governments of Nationalist China. At the same time the manifesto asserted that the new Government was only temporary and would not compete with the Peking Provisional Government, with which they intended to amalgamate as soon as railway communication had been restored between Nanking and Peiping. 'It is not our intention', the authors declared, 'to have two rival Governments functioning in the country.' The new Administration followed the example of Peiping in adopting the former Chinese five-barred flag. The Hankow Government issued a statement deriding

the new régime and describing its members as corrupt and dishonest creatures of the Japanese.

It seemed improbable from the start that there would be room for two new Governments in the Japanese-controlled parts of China, and, in spite of the assurances given in their manifesto, the politicians now installed at Nanking showed their intention of being the sole heirs of the larger heritage which would accrue from the eventual expulsion of the Chinese Government from Hankow. The Peking Provisional Government was, they hinted, an unnecessary luxury, seeing that the Japanese Special Military Mission was quite capable of carrying on the work of administration until such time as the Northern and Central areas were able to join up. As a counterblast to such ideas a message was circulated from Peiping through the Domei Agency stressing the need for a single Government and declaring that this could not develop in Central China. Apparently as the result of Japanese efforts to heal the breach, the leaders of the new régime at Nanking visited Peiping in the first week of April and held conferences with the chiefs of the Northern Administration. Major-General Harada, who had been the principal sponsor of the Nanking régime, also came to Peiping to confer with his Northern colleague, Major-General Kita. The deliberations held in Peiping were secret, but, according to Japanese Press reports, it was agreed that the 'Provisional Government of the Chinese Republic' and the 'Reformed Government of the Chinese Republic' were to be amalgamated as soon as possible, and that all administrative arrangements were to be so regulated as to present no obstacle to this ultimate merger. After amalgamation, the districts under the Nanking Administration were to come under the supreme jurisdiction of the Peking Government. In the meantime the Nanking Administration was, as far as practicable, to model its economic and financial arrangements upon the example of the Peking Provisional Government. It therefore appeared on the surface that Mr. Wang Keh-min and his Japanese supporters in the North had been successful in their efforts to ensure that the Peking Government should be the successor of the Chinese National Government as far as it lay in the power of Japan to make it so. It was doubtful, however, whether the parties concerned had reached an irrevocable settlement, and it appeared not improbable that the issue between Peiping and Nanking as rival seats of the paramount authority would revive in the event of the Japanese armies proving successful in their campaign for the capture of Suchow and thus establishing an unbroken Japanese control over the whole area from the Great Wall in the north to Hangchow Bay in the south.

(iv) World Reactions to the Breach of Peace in the Far East**(a) INTRODUCTORY NOTE**

When Japan invaded Manchuria in 1931 the League of Nations was in full vigour, with its strength untried by any major breach of the world's peace. In 1937, when a fresh conflict broke out in the Far East, the state of affairs had profoundly altered. The League had in the interval been discredited by its failure to restrain aggression in 1931 and again later when Italy attacked Abyssinia; it had been weakened by the secession of Germany and of Japan herself; and its power as a guardian of the peace and dispenser of international justice was being despaired of by many of its most loyal supporters.

In these circumstances the chances of effective League action in the Sino-Japanese conflict could be regarded only as exceedingly slender—as hopeless, in fact, save in the contingency of the United States being willing to collaborate actively in an attempt to restore peace and to enforce respect for international obligations. The United States stood in the Far East on a unique footing. Fundamentally, her interest in maintaining the political equilibrium in the Pacific area was greater than that of any of the other Western Powers.¹ To quote the words of Mr. Stimson, who had been Secretary of State at the time of the Manchurian affair:

The relations of the United States towards China and the Far Eastern world in one vital respect are different from those of any European Power towards that world. Several European Powers have far larger commercial and territorial interests in China than we, but geographically they are remote; we are adjacent. They are in a sense absentee landlords; we, a neighbor. The repercussions which are possible in a modernization of the Far East can directly affect us in ways which would not affect them. The Pacific Ocean is no longer a barrier but a means of communication.²

Moreover, the United States, being free from European entanglements and possessing a powerful fleet available for use in the Pacific, was alone in a position to face the military risks which were inseparable from an interventionist policy pursued to its logical conclusion.

But, on the other hand, the state of public opinion in the United States was peculiarly unfavourable to American participation in collective action in international affairs. The lukewarm response which Mr. Stimson had received in 1932 to his bid for British support

¹ Unless, of course, the U.S.S.R. were to be included in this category.

² See Henry L. Stimson, *The Far Eastern Crisis* (New York, 1936, Harper & Brothers for the Council on Foreign Relations), p. 234.

for his non-recognition policy¹ had, rightly or wrongly, excited a feeling of strong resentment in the United States, and had 'sickened' the American people of attempts to work in concert with Great Britain. In general, moreover, the spirit of isolationism had taken firm root in the United States,² where it had crystallized into concrete form with the passing of the Neutrality Act in May 1937.³

At the beginning of the Sino-Japanese conflict there seemed, indeed, to be only the barest hope that the United States might abandon the isolationist policy and give to the collective system that impetus which alone could make it effective. It soon became apparent, however, that a movement towards international co-operation was developing under the personal aegis of President Roosevelt and his Secretary of State, Mr. Cordell Hull. The movement culminated in the speech which the President delivered at Chicago in October.⁴ For a short time it appeared to be not impossible that the United States might actually give the lead to a concerted effort on the part of the 'peace-loving nations'—to use Mr. Roosevelt's phrase—to banish international lawlessness both in the Far East and in Spain. For the space of a few days the issue hung in the balance; then it became clear that the United States was swinging back to the old isolationist position, and the hopes to which the Chicago speech gave birth rapidly vanished.

The attitude of the United States was so clearly the determinant element in deciding the degree of international intervention in the Far Eastern conflict that a proper regard for perspective requires that the following chapter of the *Survey* should be largely devoted to recording the phases through which American public opinion and Government policy travelled during the six months between the passing of the Neutrality Act in May and the conclusion of the Brussels Conference in November 1937. A further reason for the large proportion of space allotted to the United States arises out of the inseparability of American reactions to the Sino-Japanese conflict from American reactions to the threat of a general breakdown of world peace. The Neutrality Act, around which revolved a great part of the controversy concerning the policy which the United States was to follow in the Far East, was prior to the beginning of the Sino-Japanese conflict and owed its genesis to American fears of entanglement in European troubles arising out of the war in Spain,⁵

¹ For the circumstances of the 'Stimson Note' and the approaches made to the British Foreign Office see the *Survey for 1932*, pp. 540 *seqq.*

² See the *Survey for 1935*, vol. ii, pp. 93-6, 429.

³ See below, pp. 262 *seqq.*

⁴ See pp. 273-5, below.

⁵ See the *Survey for 1937*, vol. ii, pp. 215-17.

and the minds of the politicians in Washington who took part in that controversy were concerned with the European as much as with the Far Eastern situation. In his Chicago speech, likewise, Mr. Roosevelt addressed himself equally to each of the two hemispheres. Thus the question of the American attitude to the world-wide crisis as a whole has found a place in the part of this volume which relates specifically to the affairs of the Far East.¹

(b) AMERICA AND NEUTRALITY

Four main phases may be distinguished in the policy of the American Government towards the Sino-Japanese conflict. The first, or preliminary, phase was marked by attempts on the part of the Department of State to persuade the belligerents to terminate hostilities and to settle their differences in an amicable fashion. On the 12th July the State Department informed the diplomatic representatives of China and Japan in Washington that, in the opinion of the United States Government, an armed conflict between the two countries 'would be a great blow to the cause of peace and world progress'. When shortly afterwards the British Government addressed to the United States Government a communication of which the text was not published, but which was believed to contain a statement of the steps which Great Britain was taking to promote a settlement, they received, according to Press reports, a simple acknowledgment from the State Department, and Mr. Hull took the occasion to announce publicly that the action which his Government had taken was separate and independent, while adding that the fact that both the United States and Great Britain were anxious to preserve peace in the Far East might result in parallel, though not in joint, action.

On the 16th July Mr. Hull described in the following terms the general principles of international conduct which the United States desired to see observed:

This country constantly and consistently advocates maintenance of peace. We advocate national and international self-restraint. We advocate abstinence by all nations from use of force in pursuit of policy and from interference in the internal affairs of other nations. We advocate adjustment of problems in international relations by processes of peaceful negotiation and agreement. We advocate faithful observance of international agreements. Upholding the principle of the sanctity of treaties, we believe in modification of provisions of treaties, when need therefor arises, by orderly processes carried out in a spirit of mutual

¹ The wider aspects of the American attitude are also touched upon in the General Introduction to the volume, on pp. 8-11, above.

helpfulness and accommodation. We believe in respect by all nations for the rights of others and performance by all nations of established obligations. We stand for revitalizing and strengthening of international law. We advocate steps toward promotion of economic security and stability the world over. We advocate lowering or removing of excessive barriers in international trade. We seek effective equality of commercial opportunity and we urge upon all nations application of the principle of equality of treatment. We believe in limitation and reduction of armament. Realising the necessity for maintaining armed forces adequate for national security, we are prepared to reduce or to increase our own armed forces in proportion to reductions or increases made by other countries. We avoid entering into alliances or entangling commitments, but we believe in co-operative efforts by peaceful and practicable means in support of the principles hereinbefore stated.

This *credo* was communicated, with a request for their observations, to the Governments of all states, and sixty of these intimated their concurrence. The Japanese Government, while they declared themselves to be in general agreement with the principles enunciated by Mr. Hull, stated that, in the Far East, his desiderata could be attained only 'by a full recognition and practical consideration of the actual particular circumstances of that region'. The American declaration of policy showed that Washington did not regard the Far Eastern conflict as an isolated phenomenon, but as one symptom of the increasing general tendency to disregard treaties and to settle issues by force of arms, which was a cause of profound disturbance to 'peace-loving nations'. While the declaration contained no specific mention of the Nine-Power or any other treaty and avoided any attempt to adjudicate between the contending parties, the reference to increased armaments and possible co-operative effort conveyed a covert warning to all aggressive states and revealed the lines along which the Roosevelt Administration would like to see progress made.

In view of the sensitiveness of American public opinion to any suggestion for joint action in international affairs, particularly in conjunction with Great Britain, it was inevitable that in his efforts for peace Mr. Hull should be careful to pursue an independent course. It was clear, at the same time, that he was anxious that American action should run, in general, parallel to the efforts of Great Britain and France, and it was noticeable that in the actual zone of conflict there was close co-operation between British and American diplomatic and consular representatives in such matters as providing for the safety or evacuation of their nationals, the exchange of information, and naval and military measures for the protection of foreign lives and property. The action taken by the United States Govern-

ment in the early stages of the struggle consisted of repeated reminders to the Chinese and Japanese Governments of the desire of the United States to see the conflict in North China ended. Later, when the war had spread to Shanghai, the United States Government appealed to both the combatant states to avoid making the port a base of military operations or a theatre of war. Apparently, however, they did not favour the British proposal that the Japanese should withdraw their troops from Shanghai in return for an undertaking on the part of Great Britain, the United States and France to protect the lives and property of Japanese in the International Settlement, since the Department of State considered that things had reached such a pass that no such proposition could influence the actions of the Chinese or Japanese. They were doubtless also affected by a fear of the adverse criticism which concerted action of a nature which might seem to favour Japan would evoke among an important section of the American public.

The early peace efforts of the United States, like those of the other interested Powers, proved ineffectual, and, when it became apparent that the Far East was to be the theatre of a protracted struggle, the Administration at Washington faced the problem of what course to pursue in regard to the conflict and, in particular, whether or not to bring into force some part, or the whole, of the Act of Congress of the 1st May, 1937, popularly known as the Neutrality Act.

It will be recalled that by the Act of Congress of the 31st August, 1935,¹ the President was empowered to place an embargo upon the export of certain scheduled implements of war to belligerent countries whenever he should find that a state of war existed, and that he might at his discretion extend the arms embargo to any other nations which might become involved in the war. He might also prohibit Americans from travelling on belligerent vessels save at their own risk. Under this law President Roosevelt had placed an embargo upon the export of arms to both Italy and Ethiopia, but he was without power to prevent the export of raw materials which could be utilized for war purposes. Presidential support was therefore given to fresh legislation, which took the form of the Pittman-McReynolds Bill, and which was intended to remedy the defect. When it became evident that the opposition to this Bill was so strong that there was no chance of its becoming law by the 29th February, 1936, the date upon which the Act of 1935 expired, it was abandoned in favour of a Bill simply extending the Act, with certain amendments. The Act, as amended and re-implemented, reduced the Presi-

¹ See the *Survey for 1935*, vol. ii, pp. 92-6.

dential powers of discretion by providing that the arms embargo should enter into effect as a matter of course whenever the President should find that a state of war existed, and that the extension of such an embargo to states subsequently involved in the conflict should likewise be automatic. There was also added an embargo on loans to belligerents. The South and Central American Republics were exempted from the operation of the law. The Act was to remain in force until the 1st May, 1937. As it did not cover the case of civil war in a foreign country, the President in January 1937 requested Congress to invest him with authority to impose an embargo upon the export of arms to Spain; and Congress met the President's wish by passing a Joint Resolution applicable to the special case of that country.¹

Congress then set to work to frame a new neutrality statute which it hoped to make both comprehensive and permanent. This proved a lengthy task owing to a conflict between diverse schools among the advocates of neutrality, and the Joint Resolution ultimately agreed upon by the House and the Senate was passed only just in time to receive the President's signature and so become law before the date of expiry of the amended 1935 Act.

The new Act, which became law on the 1st May, 1937,² represented a compromise between three groups in Congress: the 'mandatory school', which favoured an automatic immediate embargo on the export of munitions and raw materials to all belligerents upon the outbreak of war; the 'discretionary school', which wished to leave the imposition of embargoes to the discretion of the President, who would thus be enabled to discriminate against an aggressor state; and the 'freedom of the seas' school, which stood for the preservation of full neutral rights in time of war. Under the provisions of the Act, 'whenever the President shall find that there exists a state of war between, or among, two or more foreign states, the President shall proclaim such fact'. This would automatically and immediately render illegal the export of 'arms, ammunition and implements of war' to belligerents; the purchase or sale of securities or other obligations of belligerents; the extension of loans or credits to them;³ the solicitation of war contributions; the transport of implements

¹ See vol. ii, p. 216.

² For the text of this Act see *Documents on International Affairs, 1937*, vol. i.

³ The President, if he found that such action would 'serve to protect the commercial or other interests of the United States or its citizens', might at his discretion 'except from the operation of this section ordinary commercial credits and short-time obligations in aid of legal transactions and of a character customarily used in normal peace-time commercial transactions'.

of war in American vessels to belligerents; travel by Americans in belligerent vessels, 'except in accordance with such rules and regulations as the President shall prescribe'; and the arming of American merchant ships. The Act further empowered the President to prohibit, at his discretion, (1) the transport in an American vessel to a belligerent state, or to a neutral state for transshipment to such a belligerent, of certain articles or materials, if he found that this was 'necessary to promote the security or preserve the peace of the United States or to protect the lives of citizens of the United States'—the enumeration of these articles and materials to be made by the President by means of proclamation from time to time; (2) the export of any goods to a belligerent until after 'all right, title, and interest' had been transferred to a foreign Government or its representative; (3) the use of American ports as bases of supply for belligerent warships; and (4) the use of such ports by foreign submarines and armed merchant ships except in accordance with regulations. Section 2, which contained the 'cash and carry' provisions of the Act,¹ was the subject of the greatest controversy and was formally made effective only up to the 1st May, 1939. Two further points about the Neutrality Act of 1937 deserve notice. The President was authorized to exempt from the operation of Section 2 American shipping in inland waters bordering on the United States and transportation on or over lands bordering on the United States;² and the Act as a whole was not to apply to 'an American republic or republics engaged in war against a non-American state or states,' provided that the American republic was 'not co-operating with a non-American state or states in such war'.

The minds of the framers of the Neutrality Act were obsessed by the likelihood of another European war, and they were bent upon saving

¹ See also pp. 9-10, above.

² It would thus appear that, on a strict reading of the Act, the transport from the United States to Canada, and also to Mexico, of commodities other than arms, ammunition and implements of war, even if intended for a belligerent, could, by the use of the President's discretion, be left unrestricted. The same power of making an exception in favour of transportation through Canada, as a 'land bordering on the United States', was accorded to the President in respect of the 'cash' provisions of the Act. Moreover, there was nothing in the Act to prevent American munitions industries from establishing branch factories in Canada, so that the Act might well result in a transfer of the munitions industry from the United States to Canada. Furthermore, Senator Thomas of Utah considered that, in view of the terms of the Statute of Westminster, Canada might be regarded as an 'American Republic'. The United States would probably regard an attack upon Canada as an infringement of the Monroe Doctrine whatever the circumstances. If Canada elected to remain neutral, United States money could be used to finance her munitions production.

the United States from being drawn into a future general war on the other side of the Atlantic by removing the causes which had involved her in the last. These they believed to be, first, their country's assertion of neutral rights upon the seas, including the transportation of munitions and raw materials in American vessels to the belligerent states; and, second, the economic effects of a large war-trade with belligerents exercising control over the seas and consequently able to conduct commerce freely. Commerce of this nature, especially when financed by the provision of credits, tended, it was argued, to create a large vested interest in the United States which stood to lose if the debtor states should be defeated and therefore be unable to pay their debts; and this, the argument went on, tended to encourage a movement in favour of American intervention on the side with which these interests were involved. The Act of 1937 -- which was, as its chief sponsor, Senator Pittman, declared, rather a Peace Act than a Neutrality Act -- was intended to guard against these dangers, on the one hand by a voluntary relinquishment of the traditional right of a neutral to trade freely with belligerent states, and, on the other, through a restriction of the sale to a belligerent of American raw materials, such as could be used for war purposes, to those which the purchaser could pay for on the spot and transport for himself. This provision, it was hoped, would confine the trade within relatively narrow limits. By the complete stoppage of the export of munitions in the narrower sense of the term, the withdrawal of American shipping from traffic with belligerent countries, and the prevention of American citizens from taking passage on the ships of belligerent Powers, and, finally, by the 'cash and carry' provisions, the United States would be saved from the risk of inviting attack and would thus have no injuries to avenge and no reason to become involved in the conflict which, in American eyes, seemed yearly to be looming nearer in Europe.

The sponsors of the Act were not blind to the fact that its operation, particularly if the 'cash and carry' provisions were to be brought into force, would tell in favour of whichever belligerent party exercised maritime predominance and possessed the greater financial resources. It was evident that, in the event of a European war, Great Britain would be in that favoured position, and that, if the war were in the Far East, the Act would tend to favour Japan should she be engaged in hostilities with China or the Soviet Union. Opponents of the Act did not fail to lay stress on these points. Senator Johnson of California, who stood for the preservation of the traditional rights of neutrality, asserted that the Act 'makes us the

allies of Great Britain in the Atlantic and Japan in the Pacific', and that it would not conduce to peace. Similar views were expressed by Senator Borah of Idaho, who feared that the belligerent who did not hold the command over the high seas 'would bomb American docks, factories or anything else it could, to interfere with the supply of its enemy', and therefore felt that by the adoption of the 'cash and carry' provisions the United States would be bringing the war closer to herself. Representative Hamilton Fish of New York went further, saying that 'this Bill might as well have been written at 10 Downing Street by the British Prime Minister'. Uneasiness over this aspect of the Act was also expressed in Germany, where a connexion was seen between its adoption and the visit paid to the United States shortly before by Mr. Runciman, the President of the United Kingdom Board of Trade. Yet, despite the difficulty of refuting these criticisms, the Bill became law. Did this imply, as some Americans supposed, a deliberate decision on the part of Congress to range the United States on the side of the greatest maritime Powers, which in Europe meant the two 'democratic' Powers, Great Britain and France, with whom American sympathies in general might be expected to lie rather than with the 'totalitarian' or 'Fascist' Powers? Mr. Walter Lippmann, in an article on the subject,¹ concluded that this was the truth. He observed that the Bill was not an Administration measure, but was sponsored by 'men who in the bottom of their hearts do not trust the State Department because they feel that it still carries on the Wilson tradition'. Nevertheless, he asserted, these men had 'arrived at the conclusion that for the United States the only feasible and reasonably safe economic intercourse in a Great War is with Britain and her allies'. He found that there existed an indissoluble connexion between the United States and 'an international order held together through supreme authority exercised by men who in great matters think as we do'. 'In the final test,' he prophesied, 'no matter what we wish now or now believe, though collaboration with Britain and her allies is difficult and often irritating, we shall protect that connexion because in no other way can we fulfil our destiny.' It may be added that similar views were widely diffused in the United Kingdom, where they led to the comforting, but perhaps hazardously optimistic, conclusion that in the last resort the United States, however loudly her citizens might proclaim their belief in isolation, would intervene if this were necessary in order to save Britain and her allies from defeat.

¹ Entitled 'Rough-hew them how we will' and published in *Foreign Affairs: an American Quarterly Review*, July 1937.

Mr. Lippman's interpretation of the motives of the authors of the Act was rendered questionable by the fact that the 'cash and carry' provisions were actually drafted—or so it was generally understood—by an economic expert at the request of the sponsors of the Act in Congress with the object of providing an arrangement which would allow the greatest measure of trade with the least risk of conflict.¹ An examination of the actual provisions of the Act suggests that it had three main purposes which were far more dear to the hearts of its creators than support of Great Britain or of the collective system. These purposes were: to eliminate certain factors which experience had shown to be apt to involve the United States in war; to preserve as much American trade as was consonant with the first objective; and to avoid any weakening of that fundamental principle of American foreign policy, the Monroe Doctrine. Technically, the Act did not discriminate against any belligerent state, since all were equally entitled to profit by the 'cash and carry' provisions. Supporters of the Act could therefore argue that the central purpose of the Act was not affected by the possibility that certain Powers might be better placed than others to avail themselves of these provisions; that such a contingency was one for which the United States was in no way responsible, and that it would be unneutral on her part to attempt to neutralize an advantage which one belligerent might happen to possess by legislative action on her part. The proposal of the 'mandatory school' to impose an embargo on raw materials, as well as on munitions, at the outset of a conflict was defeated partly out of consideration for American industry and commerce, for which such a drastic step would involve serious dislocation, and partly because of the hostility towards the United States which such a provision might be expected to engender among the participants in the conflict who were the sufferers from its effects.

While the Neutrality Act avoided extremes, and was as well adapted to secure its professed ends as could be expected from any legislation which was devised *in vacuo*, and which dealt with war in the abstract and not with a concrete situation in which all the factors were known, it seriously hampered the State Department in the execution of certain traditional policies. The United States stood for peace, non-aggression and the sanctity of treaties; and, even though she eschewed any 'entanglements' in the form of obligations to take part in collective action for upholding these ideals, she had used her influence to bring about their realization. But the prohibi-

¹ See 'The U.S.A. Neutrality Act of 1937', by Professor Mitrany, in *The New Commonwealth Quarterly* for September 1937, p. 112.

tions and embargoes of the Neutrality Act, like the rain from heaven, could not but fall alike upon the just and the unjust, upon a victim of aggression as heavily as upon the perpetrator of it, and the former was much more likely to regard this American legislation as a wholly unwarranted and objectionable thunderstorm than as a shower of blessing. The President, who had been given discretion in regard to the applicability of the Act as a whole, had been given no power to discriminate, in regard to its application, between the two sides in a conflict. Both sides came under its provisions automatically and indistinguishably upon the President's proclamation that a state of war existed.¹

Thus the Neutrality Act was a grave obstacle to any American co-operation with the League in the imposition of sanctions upon an aggressor state. It will be recalled that in 1935, at the time of the debates which led up to the neutrality legislation of that year, the advocates of collective security had seen that the policy, urged by the isolationists, of severing all economic relationships with belligerent Powers might to a certain extent subserve League objectives in so far as the bilateral action of the United States might complete, and render effective, the unilateral action of the League by preventing the aggressor from securing supplies from America, while the victimized nation might be compensated for the closing of the American market by being able to purchase its needs from states which were members of the League.² It will be remembered also that the Washington Government had gone even further than the members of the League during the Italo-Abyssinian War in their endeavours to restrict the sale of raw materials, including oil, to Italy, although these efforts had been hampered by their lack of power to enforce such restrictions, by the obduracy of American

¹ When President Roosevelt took office in 1933 there was pending before Congress a Resolution, endorsed by the Hoover Administration, conferring on the President authority to declare an embargo on the shipment of arms or munitions to any foreign nation. This was approved by the House of Representatives on the 17th April, 1933, but the Senate Foreign Relations Committee, alarmed at the President's appeal to the states represented at the Geneva Disarmament Conference and by Mr. Norman Davis's statement at Geneva on the 22nd May (see the *Survey for 1933*, pp. 267-77), put in an amendment which provided that the President might only impose an embargo upon *all* parties to a dispute. In this may be discerned the origin of the 'impartial' nature of the Neutrality Act and indeed the germ of the whole neutrality legislation, which in this respect reflected Congressional suspicion that the Executive, if not checked, might surreptitiously bring the United States into that system of collective security which the American isolationists abhorred.

² See the *Survey for 1935*, vol. ii, pp. 94-6.

commercial interests, and by a belief in American minds that the states members of the League themselves were not in earnest in their application against Italy of Article 16 of the Covenant.¹ The Act of 1937 represented a victory for those interests and a defeat for both the 'mandatory' isolationists and for the supporters of the policy of giving the Administration a free hand in the matter of an embargo on materials other than actual munitions of war. Under Section I. d. of the Act the President was authorized to enumerate the articles of war of which the export was prohibited when once the Act had come into effect, but the provisions of the clause limited his freedom of action in this respect in the following manner:

The arms, ammunition, and implements of war so enumerated shall include those enumerated in the President's proclamation numbered 2163, of the 10th April, 1936, but shall not include raw materials or any other articles or materials not of the same general character as those enumerated in the said proclamation, and in the Convention for the Supervision of the International Trade in Arms and Ammunition and in Implements of War, signed at Geneva, 17th June, 1925.²

In this way not only did the Neutrality Act prevent any discriminatory action against an aggressor state, but it also deprived the President of any means of preventing such a state from securing materials which were not on the fixed list of prohibitions, provided that it could pay for them in cash and transport them in non-American vessels.

The drawbacks of the Neutrality Act were particularly evident in relation to the policy of the United States in the Pacific and the Far East. The main objects of American policy, the maintenance of the 'open door' and of Chinese territorial and administrative integrity, had been embodied in the Nine-Power Treaty of Washington.³ This instrument had shared the fate of the Russian flagship at the battle of Tsushima in being battered almost out of recognition by Japanese gunfire while still remaining afloat. The Neutrality Act, if invoked, might give an excuse to Japan to launch the final torpedo which would give the Washington Treaty the *coup de grâce*. Moreover the Act, once in operation, would prevent any attempts to assist China and would tell in favour of Japan, who had comparatively little need to import munitions and who possessed financial and shipping resources which would enable her to profit by the 'cash and carry'

¹ See *op. cit.*, pp. 240-6, for a description of these efforts and for the article limiting such exports in the abortive Bill of 1936.

² See the *Survey for 1925*, vol. ii, p. 69.

³ See the *Survey for 1920-3*, Part VI, section (iv) (4).

proviso.¹ The Neutrality Act consequently threatened to stultify the established American policy in the Far East, by making American action serve the interests of the Power that was generally regarded as the aggressor.

Thus it came about that the Roosevelt Administration's action in the Sino-Japanese conflict presented a marked contrast to that which it had adopted towards the Italo-Abyssinian conflict and the war in Spain. In the first case of the three, although formal war was not declared, President Roosevelt had proclaimed that a state of war 'within the intent and meaning of the joint resolution' existed, and had applied the arms embargo; in the second he had sought and obtained special legislation to impose a ban on exports of American munitions to either side. In the case of China and Japan, the Administration, despite reiterated demands from the 'mandatory' isolationist group and from a number of peace societies, refrained from invoking the Act. To have invoked it would, in fact, manifestly have enabled Japan to exercise the full rights of a belligerent and so to prevent supplies from reaching her adversary, and the American Government were naturally anxious to do nothing to bring about this result.

In these circumstances, the Japanese 'pacific blockade' of the Chinese coast caused anxiety at Washington lest it might take the form of Japanese interference with neutral shipping and so drive the President into invoking the Neutrality Act. Secretary Hull announced on the 27th August that the United States Government had served notice on the combatants that they reserved all rights on their own behalf, and on that of their nationals, in regard to damage to American lives and property through the operations of armed forces. On the same day on which this announcement was made the *Wichita*, an American Government-owned vessel, sailed from Baltimore with a cargo of aeroplanes for China. The Government feared that when she reached Far Eastern waters an incident might occur which would make unavoidable the application of the Neutrality Act. On the 10th September an official warning was issued to American shipping of the dangers to be met with in the Far East, though no prohibition was laid upon their proceeding to Chinese

¹ There were differences of opinion in America on this matter, and it was held in some quarters that Japan would be hampered by the application of the Act, as both her shipping and financial resources were limited, so that her situation would not be analogous to that of Great Britain. In the existing situation, with the Act not applied, Japan had, as a matter of fact, purchased more munitions from America than had China by the time of writing in the summer of 1938.

waters. On the 14th September the President made a further announcement in the following terms:

Merchant vessels owned by the Government of the United States will not hereafter, until further notice, be permitted to transport to China or Japan any of the arms, ammunition or implements of war which were listed in the President's proclamation of the 1st May, 1937. Any other merchant vessels, flying the American flag, which attempt to transport any of the listed articles to China or Japan will, until further notice, do so at their own risk. The question of applying the Neutrality Act remains *in statu quo*, the Government policy remaining on a twenty-four-hour basis.

This action was taken just in time to stop the voyage of the *Wichita*, which touched at San Pedro, California, two days after the issue of the Presidential proclamation. Her cargo of aeroplanes was unloaded and eventually sent on to China by way of Europe on a non-American ship. As the only ships affected by the proclamation were four vessels of the Pioneer line, of which the *Wichita* was one, it was presumable that the object of the measure was to avoid the emergence of a situation in which Japanese warships might interfere with American-owned vessels and thus provoke a serious incident. It was, no doubt, also intended to avert any action which would encourage Japan to extend her blockade to neutral shipping. In respect of both these objects the President's action was successful. No incidents occurred; there was no attempt by Japanese vessels to seize or pre-empt neutral cargoes as contraband; and the United States Government were saved from the necessity of having to declare that a state of war existed.

In view of these results, the decree of the 14th September could well be regarded, on a long view, as advantageous to China, in spite of any effect that it might have in discouraging American shipping companies from accepting arms cargoes consigned to the Chinese Government. The Chinese, however, expressed disappointment at President Roosevelt's action. On the 17th September the Chinese Ambassador made a formal protest to Mr. Hull against the imposition of the embargo, which he described as unfair to China and favourable to Japan. The Secretary of State intimated that the decision could not be revised, and a subsequent personal interview which Dr. Wong had with President Roosevelt was equally unavailing. The Japanese, for their part, welcomed the President's action as putting a check on the shipment of munitions to China, and so preventing the risk of awkward situations arising.

The United States Government continued thereafter to hold, in general, to the policy of 'the middle of the road', eschewing on the one

hand the participation in collective action against Japan which a small section of American opinion demanded, and refusing, on the other hand, to commit themselves to the extreme isolationist policy—involving the application of the Neutrality Act and the withdrawal of American citizens, troops and warships from the Far East—which was clamoured for by a very much larger group both inside and outside Congress. The Government did, however, advance a step in the latter direction by issuing an appeal to American citizens in China to leave on their own account, and asking from Congress an appropriation of \$500,000 in order to assist them in removing; further, on the 5th September President Roosevelt announced that American citizens who stayed on in China would do so at their own risk. This announcement evoked angry protests from the American communities in China, who feared that protection would be denied to them should they elect to remain; but their apprehension was removed by official statements in which it was made clear that there was no intention of withdrawing American troops or warships, or of relaxing the efforts which were being made to protect American lives and property. In the meantime twelve hundred additional marines had been sent to Shanghai. Even this relatively mild championship of American rights was used by the isolationists as a stick for beating the Administration, who were accused of allowing the United States to be inveigled into a Far Eastern conflict. The cloven hoof of Great Britain was detected by some of the speakers in the House of Representatives, who attributed the action taken by the United States Government to the subterranean influence of British politicians. The latter, it was suggested, were concerned for the security of British interests in China and hoped to make use of the United States for pulling British chestnuts out of the fire.

In the end it was Japan herself who, by her methods of making war, strengthened the hands of the Administration in Washington for withstanding the American isolationists. Even those sections of American opinion which felt little concern for the dangers impending over the lives and property of American citizens in China, and which were prepared to regard with complacency any breaches of international peace pledges, were stirred by the horror of the effects of the bombing of open towns by Japanese airmen. No one could be blind to the dreadful menace which an acquiescence in such a practice would bring upon the whole of the civilized world, and the prevention of this was so plainly a matter of universal interest that no Government could be seriously attacked for taking a hand in any effort to bring it to a stop. Consequently when, on the 19th September,

the Japanese naval commander at Shanghai announced that Nanking might be bombed on the 21st,¹ and advised foreign officials and residents to move elsewhere for safety, little if any outcry was raised in the United States against the oral representations which were made both in Washington and in Tokyo, and which were followed on the 23rd by a formal note to Japan making a stiff protest against the jeopardizing of the lives of American nationals, and of non-combatants generally, by an action which was described as 'unwarranted and contrary to the principles of law and humanity'. There was a slight inconsistency in the fact that the United States Ambassador at Nanking, Mr. Johnson, who had at the outset of hostilities received a general instruction to take no unnecessary risks, had reluctantly taken refuge with his staff on the U.S.S. *Luzon*, and had been the only foreign representative to quit the capital. That this was not to imply any acquiescence in the Japanese requests or any intention of withdrawal from China became clear, however, both from the Ambassador's subsequent return to Nanking and from the action taken at that time by Admiral Yarnell, who instructed all ships of the United States Asiatic Fleet to afford the fullest protection to American nationals.

The United States Government were thus visibly inclining away from the principle of non-intervention at the time when China's appeal to the League² brought the Far Eastern conflict on to the conference table at Geneva. On hearing that the League Council had decided to refer the Chinese appeal to the Far Eastern Advisory Committee,³ on which the United States had accepted representation when it was first formed, Mr. Cordell Hull announced that his Government would carefully consider any invitation to discuss the war in the Far East, and an American observer (without authority to vote) was appointed to attend the Advisory Committee's meetings. A few days later, on the 19th September, Mr. Hull broadcast an address to the American public in which he spoke as follows:

We must make our contribution toward the realization of conditions upon which peace everywhere can be maintained, or ultimately we shall have to sustain and protect ourselves amid an outside world ridden by war and force. Is it not evident that, if the rule of law gives way to international anarchy, the security of this country would become seriously jeopardized? Any nation which shows no concern for the safety or activities of its nationals abroad would soon expose itself to the flouting of even elementary rights.

¹ See above, p. 236.

² See p. 279, below.

³ For the origin of this Committee and its earlier proceedings see the *Survey for 1933*, pp. 510-11, and the *Survey for 1934*, pp. 663 and 676.

When the League's Far Eastern Committee assembled, the American observer, Mr. Harrison, defined in cautious terms the limits which must be placed on American collaboration. His Government, he informed the Secretary-General, felt 'constrained to observe that it cannot take upon itself those responsibilities which devolve from the fact of their membership upon members of the League'. While it was prepared to give careful consideration to any definite proposals, the United States Government 'was not prepared to state its position in regard to policies or plans submitted to it in terms of hypothetical enquiry'. The warning was an example of the care taken by the Administration at Washington to avoid ruffling public opinion at home by too great an appearance of readiness to enter into new international commitments. If a newspaper report could be credited, however,¹ the President was actually engaged at the time in deliberations with the heads of the State and the Navy Department concerning the practicability of putting restraint on Japan by a long-range blockade undertaken jointly by the Powers. If these technical discussions actually took place, it was doubtless with the object of clearing the President's mind in anticipation of the momentous statement which he was preparing to make at Chicago on the 5th October. During the interval, the Far Eastern Committee at Geneva had passed a resolution condemning the Japanese bombing of Chinese towns,² and Mr. Cordell Hull had put into practice his doctrine of 'parallel action' by reiterating in a letter to the Secretary-General of the League the views which he had already expressed in his formal protest to the Japanese Government.

The date chosen by Mr. Roosevelt for his Chicago speech was that on which the Far Eastern Committee presented its two reports,³ and the text of the speech was in the hands of the League Assembly when it adopted those reports on the following day, the 6th October. Mr. Roosevelt began by drawing a vivid picture of the state of social disruption which was likely to ensue from 'the present reign of terror and international lawlessness'. Having spoken of the possibility of its ending in the destruction of modern civilization, he uttered the following solemn warning:

If these things come to pass in other parts of the world, let no one imagine that America will escape. . . . The storm will rage till every flower of culture is trampled and all human beings are levelled in a vast chaos.

¹ See the *New York Nation* of the 10th October, 1937.

² A fuller record of the proceedings of the League from this point onwards will be found in the next sub-section.

³ See below, pp. 282-4.

In present conditions, he said, the interdependence of nations makes it impossible for any nation completely to isolate itself from economic and political upheaval in the rest of the world. . . . It is, therefore, a matter of vital interest and concern to the people of the United States that the sanctity of international treaties and the maintenance of international morality be restored.

He went on to speak of the division of the world into the '90 per cent.' whose 'peace, freedom and security is being jeopardized by the remaining 10 per cent.' 'Surely the 90 per cent.', he declared, 'can and must find some way to make their will prevail.'¹

At this point of his speech, the President committed himself to the most explicit statement which he had yet made of the measures which he had in mind for dealing with the perpetrators of lawlessness and aggression. He expressed himself in a metaphor which, though at first sight it might seem ambiguous, could bear no other interpretation, on analysis, than that the speaker was suggesting an economic boycott.

It seems [he said] to be unfortunately true that the epidemic of world lawlessness is spreading. When an epidemic of physical disease starts to spread, the community approves, and joins in, a quarantine of the patients in order to protect the health of the community against the spread of the disease.

In his concluding words the President asserted the need for positive action to restrain the violators of treaties and of their neighbours' rights, and indicated that the United States would be an active participant in such action.

Most important of all [he said], the will for peace on the part of peace-loving nations must express itself to the end that nations that may be tempted to violate their agreements and the rights of others will desist from such action. There must be positive measures to preserve peace. America hates war. America hopes for peace. Therefore, America actively engages in the search for peace.

Without addressing himself explicitly to Japan or to any other particular Power, Mr. Roosevelt had sufficiently indicated the heads which the cap was intended to fit by an earlier reference in his speech to the ruthless murder of civilians by bombs launched from the air without a declaration of war, and to the attacking and sinking of ships by submarines without cause or notice 'in times of so-called peace'.²

¹ This passage from President Roosevelt's speech was quoted in the Preface to the *Survey for 1936*, together with a reference to other occasions on which the President had made use of similar expressions.

² President Roosevelt's speech of the 5th October is given *in extenso* in *Documents on International Affairs, 1937*, vol. i.

The oracle had spoken, and for the moment it appeared to the world at large, and not least to the diplomatists in conference at Geneva, that, contrary to expectation, the United States was about to emerge as a strong supporter of international action against peace-breakers generally and against Japan in particular. The belief found further support in the ready acceptance which Washington gave to the recommendations of the Far Eastern Committee.¹ A statement was issued by the Department of State on the 6th October to the effect that 'the United States has been forced to the conclusion that the action of Japan in China is inconsistent with the principles which should govern the relationships between nations' and that the United States Government therefore were in general accord with the conclusions of the Assembly of the League of Nations.

On the following day the President received vigorous support from the former Secretary of State, Mr. Stimson, in a letter published on that date in *The New York Times*. After making a detailed survey of the Far Eastern situation, Mr. Stimson described the reaction to it of the United States and Great Britain as one of 'nervous jitters'. This psychological state was, he suggested, excusable in the case of Great Britain in view of the European situation ;

but in America, occupying the most safe and defensible position in the world, there has been no excuse except faulty reasoning for the wave of ostrich-like isolationism which has swept over us. This is not a case where there should be any thought of sending armies to participate in a strife which is going on in Asia. But this is very far from saying that the only alternative is inaction or passive and shameful acquiescence in the wrong which is now being done

Why, asked Mr. Stimson, should Western countries give material assistance to Japan by selling to her the raw materials which she particularly needed—oil, iron-ore, cotton—or by buying her raw silk ?

I should ask the American and British peoples: Does the safety of the nation and of the British Empire require that we go on helping Japan? I, for one, do not think so.

With the publication of Mr. Stimson's letter, with its clear invitation to contemplate the economic coercion of Japan, the prospect of American collaboration in 'positive' action with respect to the Far East reached its acme. The British Ambassador in Washington was instructed to inquire in what ways the United States Government contemplated giving effect to the co-operation with the peace-loving nations to which the President had referred, and Mr. Chamberlain, in

¹ See below, p. 284.

a speech delivered at Scarborough on the 8th October, declared that the British Government were whole-heartedly with Mr. Roosevelt in his call for concerted action in the cause of peace. At Geneva hopes ran high that something decisive might be accomplished at the Nine-Power Conference, which was now in prospect; there was even a suggestion that it might be held at Washington. This proposal, however, drew from the United States Government a prompt expression of disapproval; and, almost before the reverberations of the Chicago speech had died away, there were further signs of retrogression on the part of the Administration in Washington. While it was welcomed by a minority in America, the President's speech was received with surprise and suspicion by the masses of the people, and was vigorously criticized by the isolationists and, even more, by the peace societies. *The Philadelphia Inquirer* conducted a telegraphic poll of members of Congress, who voted in the proportion of five to two against co-operation with the League of Nations 'either in sanctions or [in] active intervention' in the Sino-Japanese crisis. The isolationists reiterated their demand for the application of the Neutrality Act, and one or two extremists even suggested the impeachment of Mr. Roosevelt and Mr. Cordell Hull for their failure to bring it into force. It was thus being rapidly borne in upon the President and the Secretary of State that any attempt to pursue a policy of collective action against Japan would be overwhelmingly rejected by Congress when it reassembled for its special session in November, and that such a rejection would have the support of a majority of the American people. Prudently they decided to refrain from provoking such a battle. In a 'fireside chat' delivered on the 12th October the President carefully avoided any mention of concerted action, and foreshadowed the line of policy which America would take at Geneva by informing his listeners that the purpose of the proposed Nine-Power Conference would be solely mediation.

The turn of the tide became increasingly evident as the time for the first meeting of the Brussels Conference approached. In a *Press communiqué* of the 16th October, announcing the acceptance by the United States of the invitation to attend, the Department of State had already emphasized the fact that the Administration was committed to no action whatever and had declared that the only purpose of the Conference was to work for mediation between Japan and China. On the 2nd November the Assistant Secretary of State further elaborated the American view of the scope of the Brussels Conference, and stated that the purpose of the representative of the United States in attending the Conference would be to help in the

search for a pacific solution of the conflict within the provisions of the Nine-Power Treaty and in accordance with the principles repeatedly enunciated.

It was obviously with the greatest reluctance that the British Government, in the face of these symptoms, gave up the hope of joint action with the United States for practical ends. As late as the 1st November Mr. Eden told the House of Commons at Westminster that nothing effective could be done in the Far East without the United States and that, if necessary, in order to secure full co-operation on an equal basis, he would be prepared to travel not only from Geneva to Brussels but from Melbourne to Alaska.¹ In order to make clear the spirit in which he himself was going to the Brussels Conference, Mr. Eden adopted wholeheartedly the definition of British policy which had been given by a Member of the House of Commons earlier in the same debate, namely that Great Britain should 'go as far as the United States in full accord with them, not rushing ahead and not being left behind', thereby indicating that, in his opinion, the main initiative in dealing with the Far Eastern situation must lie with the Government in Washington. with the British Government marching in step.

The spark of hope which the Chicago speech had kindled was, however, already almost extinct. The knowledge that the United States Government were no longer contemplating anything more drastic than participation in attempts to mediate was sufficient in itself to condemn the Brussels Conference to sterility. Any lingering expectation of American support for proposals involving some sort of coercive action was dispelled on the 3rd November, when Mr. Norman Davis, the United States representative, opened the general discussion on the first day of the Conference with an anodyne statement in which no echo was to be heard of the vigorous language which the President had used at Chicago.

We have come to this Conference [he said] to collaborate in efforts towards an objective to which all peoples and all Governments should strive: that objective is peace. The hostilities which are now being waged in the Far East are of serious concern, not only to Japan and China, but to the entire world. . . . We expect to join with other nations in urging upon Japan and China that they resort to peaceful processes. We believe that cooperation between Japan and China is essential to the best interests of those two countries and to peace throughout the

¹ This journey, presumably the modern substitute for 'China to Peru', would incidentally have allowed Mr. Eden to explore *en route* the delicate problem of the ownership of certain islands (Howland and Baker Islands) on which Pan American Airways had their eye as possible landing-places for their projected service between the American continent and Australasia.

world. We believe that such cooperation must be developed by friendship, fair play, and reciprocal confidence. If Japan and China are to cooperate it must be as friends and equals, and not as enemies.

The *volte-face* which the President of the United States had performed was not difficult to explain. At the time of his Chicago speech Mr. Roosevelt had evidently hoped that American public opinion had been sufficiently aroused by the spectacle of unrestrained aggression in Europe and Asia to support him in a policy of cooperation with other Powers with the object of checking the aggressors. He found himself mistaken in this belief; and President Roosevelt, mindful of the fate of his predecessor, President Wilson, drew back while there was yet time.

In December the news of the sinking of the *Panay* sent a wave of popular excitement sweeping over the United States, but the President, remembering the lesson that he had learned from the fate of the *ballon d'essai* which he had sent up into the Middle Western air on the 5th October, made no effort to utilize the resentment against Japan as a means of promoting American participation in collective action in restraint of her aggressive policy. There were signs rather that the Administration was concerned to allay the popular feeling. For example, it procured a delay in the release of the films recording the outrage, and it announced that the apology tendered by Japan was regarded in official circles at Washington as terminating the incident.

(c) THE LEAGUE AND THE BRUSSELS CONFERENCE

When the League Assembly in February 1933 adopted the Lytton Report and thus wound up deliberations on the Far Eastern situation which had lasted, with short intervals, ever since China had appealed to the League, eighteen months back, against Japan's invasion of Manchuria, a door was kept open for resuming the consideration of the problem, whenever an occasion might arise, by the creation of the Far Eastern Advisory Committee.¹ The fact that this committee was still in being when the Sino-Japanese conflict again became acute in the summer of 1937 gave the Chinese Government a convenient means of bringing the new situation to the attention of the authorities at Geneva without at once committing themselves to the formulation of an appeal under the terms of the Covenant. As early as the 30th August the Permanent Bureau of the Chinese Delegation at Geneva forwarded to the Secretary-General of the League, for communication to the members of the League and to the Advisory

¹ See the *Survey for 1933*, pp. 510-11.

Committee, a document described as a 'Statement on the Japanese aggression in China since the Lukouchiao incident'.¹ On the 12th September the Bureau presented a supplementary statement which dealt with later developments and which laid stress on alleged violations by Japan of the principles of humanity in the bombing of Red Cross units, of non-combatants and of educational and cultural institutions. In the earlier of the two statements the Chinese Government drew from the facts as therein recorded the deduction that, while China had done no more than exercise the right of self-defence, Japan had been guilty of 'aggression pure and simple', and that her behaviour gave the lie to her Government's disavowals of territorial designs on China; thus, the statement concluded, Japan had violated the League Covenant, the Briand-Kellogg Pact and the Washington Nine-Power Treaty.

On the day on which the supplementary statement was forwarded to the Secretary-General, the Chinese Government, through Dr. Wellington Koo, the Chinese delegate to the League Assembly, requested the League to take cognizance of the fact that Japan had invaded China; invoked the application of Articles 10, 11 and 17 of the Covenant; and appealed to the Council to advise upon such means, and take such action, as might be appropriate and necessary under the said articles.²

Three days later Dr. Koo amplified his Government's appeal in a speech at the League Assembly in which he outlined the course which, as he saw it, now lay before the Council. The possible lines of action resolved themselves, he suggested, into three. The first was that the Council itself should at once proceed to consideration and action; the second was that it should seise the Assembly of the situation; and the third that it should refer the situation in the first instance to the Advisory Committee. The last of these alternatives, which had the attraction of offering the line of least resistance, was that which the Council adopted, and on the 16th September the Far

¹ This document is quoted in part on p. 183, above; for the full text see *Documents on International Affairs, 1937*, vol. i.

² For the text of the appeal see *Documents on International Affairs, 1937*, vol. i. By the terms of the three articles under which the appeal was made the League was (1) reminded of its obligation to preserve the territorial integrity and political independence of a member state against aggression; (2) called upon to take any action 'that may be deemed wise and effectual to safeguard the peace of nations'; and (3) required to invite the non-member party to the dispute to accept the obligations of membership—whereupon the provisions of Article 16 (sanctions) would become applicable—and, should the non-member state refuse and resort to war, to apply against it the provisions of Article 16.

Eastern Advisory Committee was given a comprehensive commission 'to examine the situation arising out of the Sino-Japanese conflict in the Far East'.

The Advisory Committee's first act, when it assembled on the 21st September, was to invite certain countries—China, Japan, Germany and Australia—which were not already represented on the committee to send delegates. Of these four countries the first and last mentioned accepted the invitation; the other two declined, and the Japanese Foreign Minister took this opportunity to reaffirm his Government's view that a 'fair and reasonable' solution of the conflict could be found without third-party intervention.¹

At this juncture public attention abroad became concentrated upon a particular aspect of the conflict—namely bombing by Japanese aircraft of open towns in China;² and this served for the moment to 'side-track' the activities of the Advisory Committee, which was reinforced by a representative of China in the person of Dr. Koo when it reassembled on the 27th September. Dr. Koo, it is true, struck at the root of the problem by raising the question of what the League could, and should, do in all the circumstances of the case. He faced the fact that the power of the League had dwindled, but he continued:

While I realize that the experience of the League in the past years calls for prudence and circumspection on our part, it does not follow that nothing could be done, and therefore nothing should be attempted, in the presence of a grave danger alike to the safety of a member state and the peace of the world.

If the League cannot defend right in the face of might, it can at least point out the wrong-doer to the world. If it cannot stop aggression, it can at least denounce it. If it cannot enforce international law and the principles of the Covenant, it can at least make it known that it has not abandoned them. If it cannot prevent the ruthless slaughter of innocent men, women and children and the wanton destruction of property by the illegal and inhuman method of aerial bombardment, it can at least make clear what its own sentiments are, so as to reinforce the universal demand of the civilized world for its immediate abandonment.

He ended his speech by putting forward the concrete proposal that the League should 'pronounce its condemnation of the flagrant viola-

¹ Before this, on the 15th September, the Japanese Foreign Office spokesman had made a statement rebutting the account of the events in China given in the statements presented by the Chinese Government to the League. The statement demanded that the League should recognize the 'actual situation', and gave a warning of the probability of undesired results if the League should 'interfere with the Sino-Japanese affair on the basis of documents propagated unilaterally by China'—a probability which, he said, 'was fully demonstrated by its [the League's] experience during the Manchurian incident'.

² See above, pp. 235-7.

tions of international law, treaty obligations and the elementary principles of justice and humanity' which Japan had committed.

The discussion of the League's fundamental position in regard to the conflict was, however, carried no further for the time being. The British and French representatives, who spoke after Dr. Koo, concentrated, in their speeches, upon the indiscriminate aerial bombardments, urging that the Advisory Committee should express its reprobation of such practices; and it was left to the Russian representative, Monsieur Litvinov, to draw attention to Japan's action as a whole, and to ask that it should be made clear that 'by condemning this particular means of warfare' the committee did not 'condone other military operations, other forms of attack on China'. The session ended with the passing of a resolution concerning the bombing of open towns by Japanese aircraft, which declared 'that no excuse can be made for such acts, which have aroused horror and indignation throughout the world', and that the committee 'solemnly condemns them'. The United States Government took 'parallel action', as has been recorded in the preceding chapter.¹

Having accomplished this preliminary 'hoisting of the flag', the Advisory Committee sought relief in the handling of the wider problem entrusted to them by appointing a sub-committee to examine the situation, discuss the questions involved and submit proposals to the main committee. At the same time the Chinese delegation made a final effort to steer the proceedings in the direction of a positive verdict against Japan. The draft resolution which Dr. Koo submitted for this purpose provided that the committee should condemn Japan's violations of international law and of contractual obligations, and also the blockade of the Chinese coasts which she had instituted, and should declare that the facts of the conflict constituted a case of external aggression against a member of the League under Article 10 of the Covenant.

It was clear, however, to any unimpassioned observer that, at all events until there were clear signs of American readiness to co-operate in collective action, the principal League Powers, with the possible exception of the U.S.S.R., would never allow themselves to be led into any sort of entanglement in the Far Eastern situation which could involve them in armed conflict, and that their representatives at Geneva would therefore be bound to 'hedge' on the question of a plain verdict against Japan. The method of 'hedging' showed itself in the two reports which were submitted by the sub-committee

¹ See above, p. 272. For the reaction in Japan to these international protests see above, pp. 237-8.

and adopted by the Advisory Committee on the 5th October, and which were accepted by the Assembly on the following day.

The first of the reports consisted of a review of the development of the conflict, of an appraisal of the actions of each of the parties, in relation especially to its responsibility for the outbreak of armed conflict and its observance or non-observance of its treaty obligations; and, finally, of a judgment upon these issues.¹ As there had been no local investigation by the League, such as the Lytton Commission had made in 1932, the Advisory Committee's review of the course of events was based almost entirely on the versions given by the two sides, which expressed—to quote the words of the report itself—'very different views as to the underlying grounds of the dispute and as to the incident which led to the first outbreak of hostilities'. It was, therefore, not to be wondered at that over the question of provocation the committee should have come to no definite conclusion, but should have contented themselves with recording their belief that both sides had entertained the possibility of a pacific solution at an early stage in the conflict. On the question of breaches of treaty obligations, the committee's findings were more explicit, being summed up in the statement that

prima facie the events described . . . constitute a breach by Japan of her obligations towards China and towards other states under these treaties.²

China's innocence in regard to treaty contraventions was not explicitly affirmed, but the framers of the report gave credence to the declaration, which the Chinese Government themselves had made on the 16th July, to the effect that they were ready to accept mediation, arbitration or any other pacific means of settling the dispute³—a statement which in the report was placed in juxtaposition with the Japanese Government's statements insisting on non-interference by third parties. The conclusions with which the report ended were as follows:

It cannot be challenged that powerful Japanese armies have invaded Chinese territory and are in military control of large areas, including Peiping itself; that the Japanese Government has taken naval measures to close the coast of China to Chinese shipping; and that Japanese air-

¹ For the text of this, as well as of the second report, see *Documents on International Affairs, 1937*, vol. i.

² The treaties here referred to were: the Final Protocol of the 7th September, 1901 ('Boxer Protocol'); the Nine-Power (Washington) Treaty of the 6th February, 1922; the Pact of Paris of the 27th August, 1928; the Hague Convention No. 1 of the 18th October, 1907 (recommending peaceable means of settling disputes).

³ See above, p. 187.

craft are carrying out bombardments over widely separated regions of the country.

After examination of the facts laid before it, the committee is bound to take the view that the military operations carried on by Japan against China by land, sea and air are out of all proportion to the incident that occasioned the conflict; that such action cannot possibly facilitate or promote the friendly cooperation between the two nations that Japanese statesmen have affirmed to be the aim of their policy; that it can be justified neither on the basis of existing legal instruments nor on that of the right of self-defence, and that it is in contravention of Japan's obligations under the Nine-Power Treaty of the 6th February, 1922, and under the Pact of Paris of the 27th August, 1928.

The report thus constituted a conviction of Japan on a charge of breaking treaty obligations, inasmuch as she had engaged in military operations which were on a scale disproportionate to the occasion and which could not be justified legally or by the right of self-defence. Its authors had studiously evaded the issues which would automatically have been raised by formally labelling Japan as the aggressor in the conflict.

In its second report the Advisory Committee put forward its proposals for League action. In a preliminary survey of the ground the committee concentrated upon the League's function as an organ for restoring and maintaining peace, and made special reference to its obligation under Article 11 of the Covenant—one of the three articles under which China had appealed—to take 'any action which may be deemed wise and effectual to safeguard the peace of nations'. It then expressed its conviction

that even at this stage of the conflict, before examining other possibilities, further efforts must be made to secure the restoration of peace by agreement.

After recalling that one party to the conflict, namely Japan, was not a member of the League, and had explicitly declined to co-operate with the League in political matters, the committee made the recommendation that the Assembly should, as its first step, invite those members of the League who were parties to the Nine-Power Treaty to initiate consultation, as provided for in Article 7 of that treaty, and to meet together forthwith in order to decide on the best and quickest means of carrying out this purpose. The hope was expressed that other states with special interests in the Far East might be brought into association with the 'Washington' Powers in seeking a method to put an end to the conflict by agreement. Proposals from the Powers thus associated might, it was suggested, be made through the medium of the Advisory Committee to the League Assembly,

and, with a view to this, it was recommended that the Assembly should remain in session.

Furthermore, the committee recommended that the Assembly should give its moral support to China; that the members of the League should decide to eschew any action which might have the effect of weakening China's powers of resistance; and that they should, in addition, consider how far they could individually extend help to China.

In the deliberations of the Assembly which led up to the adoption of the Advisory Committee's reports and recommendations, Monsieur Litvinov once more qualified his concurrence in the contemplated course by expressing his regret that the League had been content with offering 'moral support' to China and had not gone to the length of affording 'substantial assistance', and that such action as had been taken by the League had not been taken without reference to 'another organization' (that is, the 'Washington' group of Powers). The Chinese representative also pressed for more drastic action. The Advisory Committee's proposals for a Conference of the 'Washington' Powers fell, said Dr. Koo, 'far short of what the Chinese delegation asked', and in accepting the two reports he added the reservation that the Chinese Government must remain free to present their proposals again 'on future appropriate occasions'.

It was hardly to be anticipated that a plea for more drastic action on behalf of China against Japan would, in the conditions existing throughout the world, receive any support from the two Western Powers on whom the responsibilities which such action might entail would principally fall. The British Government, it was clear, were not prepared, nor were they indeed in a position, to accept the risk of military action; they would therefore wish to see collective action kept within the uncompromising, if unpromising, limits of an attempt at mediation. As for the United States, up to the time of the President's Chicago speech,¹ she had shown a marked disinclination to implicate herself in any international action of a 'positive' kind.

Thus, at the end of the first phase of international intervention, at the beginning of October 1937, it seemed probable that the machinery of collective security would not be used in any effective way for the enforcement of League law in the Far East, either in the direction of putting a stop to the war, or of protecting the victim and coercing the aggressor.²

¹ See pp. 273-5, above.

² Although technical recognition of the existence of this relationship as between China and Japan had been carefully avoided by the League Assembly,

By the time when the second phase opened, with the issue on the 6th October, by the President of the Assembly, of invitations to the Governments of those states members who were also parties to the Nine-Power Treaty to meet for consultation, President Roosevelt had already made his famous speech at Chicago. Its repercussions at Geneva and in the world at large have already been described,¹ and it is only necessary to repeat that, although it seemed for a moment possible that its effects would alter the whole international prospect in a sense favourable to collective action, it proved in the end to have been no more than a 'flash in the pan'. The temporary wave of optimism which the President's speech set in motion was, however, still in full flood when the arrangements were taken in hand for convening a Conference of the 'Washington' Powers. Conversations between the Governments of Great Britain and the United States resulted in a request to the Belgian Government to allow Brussels to be made the *venue*; and the Belgian Government, having agreed to this proposal, sent invitations to attend to all the signatories of the Nine-Power Treaty, including Japan, and to those Powers which had subsequently adhered to the treaty.² The Japanese Government formally declined the invitation on the 27th October on the following grounds: first, that the conflict lay outside the purview of the Nine-Power Treaty because Japan's action in China had been merely a measure of self-defence; second, that the League, which had identified itself with the proposed conference, had already taken sides in the conflict and had cast reflections upon the honour of Japan; and third, that, in any case, a gathering of so large a number of Powers, some of whom had scarcely any interests in East Asia, would merely serve to complicate the situation. The Japanese note concluded by suggesting that what was really needed was a modification by the Chinese Government of their anti-Japanese attitude and the adoption by them of a policy of co-operation with Japan. Simultaneously with the despatch of their official reply to the Belgian Government's invitation, the Japanese Government issued a public statement restating their whole attitude towards their conflict with China and towards the League's intervention.

On the 28th October the Belgian Government, in pursuance of the

its unofficial acceptance was implicit in the language of the report which the Advisory Committee had drawn up and which the Assembly had adopted.

¹ See pp. 275-6, above.

² The Brussels Conference was attended by representatives of the Union of South Africa, the United States of America, Australia, Belgium, Bolivia, Canada, China, Denmark, France, Great Britain, India, Italy, Mexico, Netherlands, New Zealand, Norway, Portugal, Sweden and the U.S.S.R.

League's recommendation, sent invitations also to the Governments of Germany and the U.S.S.R., as Powers which had interests in the Far East although they were not signatories of the Nine-Power Treaty. The Soviet Government accepted the invitation; the Nazi replied that, inasmuch as Germany had not been a party to the treaty, they were not disposed to attend the Conference, but they added that they were ready 'at any time to co-operate in an action directed towards the peaceful adjustment of the conflict, as soon as it is established that the indispensable conditions for a friendly adjustment' were 'present'—a cryptic phrase, which could be interpreted as an endorsement of the Japanese contention that the first condition for a settlement was a change of policy on the part of China.

By this time, on the eve, that is, of the Conference, the prospect of any vigorous concerted action by the Powers had again faded away to vanishing point.¹ The United States Government, on whose attitude everything hinged and whose active co-operation had undoubtedly been one of the principal goals at which the League Assembly had been aiming when it 'passed the ball' to the 'Washington' Powers, had manifestly decided against taking the plunge into active collaboration with other 'peace-loving nations' against the disturbers of world peace which the President had advocated at Chicago. As has already been recorded,² Mr. Roosevelt had sounded the retreat as early as the 12th October when, in a talk with Press correspondents, he had taken care to emphasize the fact that the first step to be considered by the Conference would be mediation, while the Under-Secretary of State had also taken pains to remind the public that the task of the representatives meeting in Brussels would be to search for a pacific solution. On the British side, a similar attitude was adopted by the Earl of Plymouth, speaking for the Government in the House of Lords on the 21st October:

Above all [he said] I want to emphasize this fact—that the primary object of the [Brussels] Conference is to find a way of restoring peace by general agreement.³

¹ At this stage it may be of interest to refer the reader to the attitude of the various League Powers in the analogous circumstances which existed when the Manchurian affair was under discussion at Geneva, as recorded in the *Survey for 1931*, pp. 503–4; the *Survey for 1932*, pp. 575–7; and the *Survey for 1933*, pp. 490–2.

² See p. 276, above.

³ The Opposition parties in the Parliament at Westminster and certain sections of the British public, including trades-union organizations and religious bodies, had, on various occasions since the beginning of the conflict, demanded more vigorous action in defence of the principles of collective security. On the 24th September, for instance, a deputation from the National Council of Labour in Great Britain, headed by Mr. Attlee, had a meeting with the Prime Minister at which they urged that the British Government should

The cue which had so pointedly been given in Washington and London was taken up in the inaugural addresses delivered at the Brussels Conference when it met on the 3rd November. Monsieur Spaak, the Belgian Foreign Minister, opened the proceedings with a speech in which he said:

The present Conference must not consider itself as a sort of international tribunal before which Japan should be summoned to appear and explain her actions in conditions incompatible with her dignity and honour. What we want is to accomplish a work of conciliation and peace without bias and without passion, taking into account all the legitimate interests which are present.

Mr. Norman Davis similarly laid stress on conciliation as the objective of the countries taking part in the Conference.¹ Mr. Eden expressed his entire agreement with the sentiments of his American colleague, and the French delegate spoke in the same strain. Once more Monsieur Litvinov, as the representative of the U.S.S.R., drew attention to the lack of discrimination between the two parties to the conflict and uttered a warning against over-complacency in the face of a state of affairs brought about by aggressive action. There was nothing easier, he said, than to tell the aggressor to pocket his plunder and to advise the victim to accept the situation and restore good relations; he wished the Conference to establish not merely peace, but a just peace—a peace which will not untie, but on the contrary bind the hands of aggressors also for the future and in other parts of the world'. The same note was struck by the Chinese representative when he declared that

it is not a peace-at-any-price which would either render justice to China or do credit to civilization. It is only by accepting a peace based upon the principles of Article 1 of the Nine-Power Treaty of Washington² . . . that

take the lead in calling for action to restrain Japanese aggression, and proposed an embargo on Japanese imports and on the grant of loans or credits to Japan, as well as the prohibition of the export of war material in the widest sense. The leader of the Labour Opposition in the House of Commons also demanded that His Majesty's Government should 'join in imposing economic and financial pressure designed to bring Japanese aggression to an end'. In general, the body of British public opinion which regarded Japan as the patent aggressor and desired concerted action against her dissipated the weight of its influence in this direction by failing to distinguish between the primary issue of 'aggression' in the broad sense and the secondary issue of the specific offences against the laws of humanity of which Japan was accused, such as the bombing of non-combatants (especially in the raids on Nanking). This was the principal subject of a mass meeting of protest which was held in the Albert Hall on the 5th November under the presidency of the Archbishop of Canterbury.

¹ See the extract from his speech which is quoted on pp. 277-8, above.

² Article 1 required the signatory Powers to respect the sovereignty, independence, and territorial and administrative integrity of China.

China will be contributing to the cause of law and order in the relations between nations.

Ironically enough, it was left to Japan's friend Italy to expose the essential hollowness of deliberations directed along the lines of policy which were advocated in the earlier speeches—although, of course, the exposure was not made with any purpose of 'gingering up' the Conference. 'However amiable may be the method and means employed', said the Italian representative, the Conference 'can only end in platonic resolutions and fresh proof of sterility if the realities of the situation are not taken into account'. So far no statement could have been more unexceptionable from the point of view of a strict upholder of League principles, but what was the nature of the 'realities' which the speaker had in mind? Apparently it was the military power and the impregnability of Japan, for he went on to say: 'The only useful thing [that] we can do is to attempt to bring the two parties into direct contact with each other; after which we have nothing further to do'—in other words, let the 'collectivist' Powers recognize and accept the fact of their powerlessness to apply the principles of the Nine-Power Treaty and of the League Covenant to the situation in China.

Before proceeding to debate the problem before them, the representatives assembled at Brussels made a final effort to bring Japan to the conference table. A second note was despatched for this purpose. In this it was stated that the representatives of the states which had met at Brussels believed that it might be possible to allay the misgivings which the Japanese Government had expressed in reply to the first invitation; attention was drawn to the fact that the situation in the Far East was precisely of the nature which Article 7 of the Nine-Power Treaty contemplated in providing for consultation between the signatory Powers; and an assurance was given that the aim of the Brussels Conference was to facilitate a settlement of the conflict. If Japan were still not willing to participate in the Conference, would her Government, it was asked, be disposed to depute representatives to exchange views, within the framework of the Nine-Power Treaty, with the representatives of a small number of Powers to be chosen for this purpose?

This second invitation met with no more success than the first. The Japanese Government, in replying on the 12th November, declared that the 'opinion of the participating Powers' was still not of a nature to persuade them to modify the views and policy which they had previously expressed. They declared that Japan firmly adhered to the view that her action in China, being one of self-defence, was out-

side the scope of the Nine-Power Treaty, and further that Japan could not, after having been accused of violating the treaty, accept an invitation to attend a Conference summoned under its terms.

With this final refusal of Japan to have anything to do with the Brussels Conference, any remaining hope of obtaining practical results was extinguished; for the 'bridge-building', which was the only function which the Conference was ready to undertake, evidently could not succeed when, on one side at all events, there was no foundation to build on. When the Conference reassembled on the 13th November the Chinese representative made, indeed, a last bid for eliciting the exercise of pressure upon Japan.

Now that the door to conciliation and mediation has been slammed in your face by the latest reply of the Japanese Government, will you not decide to withhold supplies of war materials and credit to Japan and extend aid to China?

This appeal from Dr. Koo, however, was tacitly ignored in the following speeches from the representatives of the Great Powers. The American, British, and French delegates in turn spoke of the vital need for upholding the sanctity of treaties and the rule of law, but there was no suggestion whatever that measures should be taken to enforce these principles upon recalcitrants. On the contrary, the idea of any exercise of pressure was explicitly excluded. 'I am convinced', said Mr. Davis, in giving expression to the general opinion, 'that the only just and durable solution would be a settlement by voluntary peaceful agreement.' Even the Soviet Union's voice was no longer raised on behalf of a more vigorous treatment of the problem. Her representative, Monsieur Potemkin, contented himself with a declaration that his Government would accept 'any solution that seems to lead to a pacific settlement'.¹

Any possibility that other delegates might set on foot a movement for a more resolute attitude in dealing with the conflict was forestalled by the prompt action of the above-mentioned three delegates, who on the same day set to work to draft a declaration for acceptance by the Conference. The declaration, which was duly adopted on the 15th November,² was well summed up by the correspondent of *The Manchester Guardian* as

a severe admonition to Japan and an impressive and excellent procla-

¹ As reported in *The New York Times* of the 14th November, 1937.

² The only dissentient vote was that of the Italian representative; the representatives of the three Scandinavian countries, Norway, Sweden and Denmark, abstained from voting on the ground of the smallness of their material interests in the Far East.

mation of the principles of law and justice which should govern the Far Eastern conflict as well as all other international affairs.

As this description implies, the declaration left the conflict itself virtually untouched. It took as its point of departure the Japanese contention that the solution of the conflict was not the concern of third parties, but should be left to direct settlement between Japan and China. On this matter the language of the document was, indeed, emphatic.

The representatives who met at Brussels regard these hostilities and the situation which they have brought about as matters inevitably of concern to the countries which they represent and—more—to the whole world. To them the problem appears not in terms simply of relations between two countries in the Far East, but in terms of law, orderly processes, world security and world peace.

After recalling the statement of the Japanese Government that, in employing armed force against China, Japan was anxious to 'make China renounce her present policy', the representatives were

moved to point out that there exists no warrant in law for the use of armed force by a country for the purpose of intervening in the internal régime of another country, and that general recognition of such a right would be a permanent cause of conflict.

It could not be believed, the declaration continued, that a just and lasting settlement could be achieved by leaving it to Japan and China to proceed to a settlement by and between them alone. On the contrary, if this were done, there was every reason to believe that the armed conflict—with attendant destruction of life and property, disorder, uncertainty, instability, enmity, hatred, and disturbance to the whole world—would continue indefinitely. It was for this reason that invitations had been addressed to the Japanese Government to confer with the delegates at the Conference or with a selected few. Japan had refused these invitations, but the representatives at Brussels hoped that she would not persist in her refusal. If she did—and here the declaration passed from mere admonition to the only semblance of a threat of concerted action which was made throughout the public proceedings of the Conference—

The states represented at Brussels must consider what is to be their common attitude in a situation where one party to an international treaty maintains, against the views of all the other parties, that the action which it has taken does not come within the scope of that treaty, and sets aside provisions of the treaty which the other parties hold to be operative in the circumstances.¹

¹ From 1931 onwards the Japanese Government, when accused of a breach of their treaty obligations, had systematically evaded the charge by a simple

If the Powers concerned did in fact 'consider their common attitude', no results emerged; and it soon became evident that, as the correspondent of *The New York Times* put it, the Conference was 'dying because it has neither teeth nor claws, and its expression of high moral principles . . . has proved useless without something substantial or practical behind it'. On the 22nd November the Conference reassembled, only to record the failure of its endeavours. This it did in a report, with a declaration attached, which was adopted on the 24th November. The report summarized the main phases of the Conference's work, and, after referring to the difference which had come to light between its own views and those of the Japanese Government, it concluded:

In the presence of this difference between the views of the Conference and of the Japanese Government, there now appears to be no opportunity at this time for the Conference to carry out its terms of reference in so far as they relate to entering into discussions with Japan towards bringing about peace by agreement. The Conference therefore is concluding this phase of its work and at this moment of going into recess adopts a further declaration of its views.

The accompanying declaration, after again rejecting the view that the Sino-Japanese conflict could be treated as a family affair between the two nations primarily concerned, reaffirmed the principles of the Nine-Power Treaty, urged the suspension of hostilities and a resort to peaceful processes, and ended by stating that the Conference deemed it advisable temporarily to suspend its sittings (which might, so it was arranged, be resumed at any time at the instance of the Chairman and any two members)

in order to allow time for the participating Governments to exchange views and further explore all peaceful methods by which a just settlement of the dispute may be attained consistent with the principles of the Nine-Power Treaty and in conformity with the objectives of that Treaty.

As the writer of a leading article in *The Times* pointed out, the declaration did not go so far even as the report which the League Advisory Committee had adopted on the 5th October.¹

assertion that there had been no contravention according to their own reading of the treaty in question, or, in extreme cases, by declaring that treaty stipulations must be interpreted in accordance with the special circumstances of the case. Doubtless the authors of the declaration of the 15th November, 1937, were concerned, in its concluding paragraph, to express the indignation of other Powers at Japan's cavalier treatment of her obligations generally under international agreements, and not merely at her behaviour in the specific situation with which the Conference was dealing.

¹ See pp. 282-3, above.

Before the adoption of the report Dr. Koo, speaking for China, had again discharged a broadside of biting criticism couched in the form of rhetorical questions.

Do you [he asked] really believe that simple declarations of principles and pious professions of faith in the pledged word will be sufficient to make one and the other observed and respected in the world ?

By refusing to aid China do you mean [that] she should cease to resist aggression or that she could resist indefinitely without adequate means ? After clearly and emphatically establishing the difference in law between the policies of Japan and China in the present conflict, do you still wish to make no distinction in fact in your treatment of them between the aggressor and the victim, as your refusal to cease contributing to Japan's material and economic resources for continuing aggression against China would seem to indicate ?

From these embarrassing queries the Conference escaped by bringing its proceedings to a close and adjourning *sine die*. The American representative in his final speech attempted to mitigate the impression of utter failure by insisting that the adjournment did not mean that the problem had been dropped or that interest in the solution had lessened ; while the British representative condoled with the Chinese delegation in their disappointment, but expressed the view that the results of the Conference represented the limits of present possibilities. The Italian representative gave himself the satisfaction of pointing out that his prognostications had come true, and added that the Conference would have done better to have dissolved outright.

After the débâcle at Brussels it was apparently thought useless to set the machinery at Geneva in motion again, for none of the members of the Far Eastern Advisory Committee exercised the right of calling for a reconvoation of that body, and the year closed without witnessing any further attempt to bring collective action to bear upon the Sino-Japanese conflict.

The hard facts underlying this failure, as they appeared to the eyes of the British Government, were stated in unequivocal language by the Secretary of State for Foreign Affairs in the course of a debate on foreign affairs in the House of Commons at Westminster on the 22nd December.

We were told [Mr. Eden said] that in the Far East to-day we ought to be upholding the rule of law . . . If hon. Members opposite are advocating sanctions . . . I would remind them that there are two possible forms of sanctions—the ineffective, which are not worth putting on, and the effective, which means the risk, if not the certainty, of war. I say deliberately that nobody could contemplate any action of that

kind in the Far East unless they are convinced that they have overwhelming force to back their policy.

Do right hon. Gentlemen opposite really think that the League of Nations to-day, with only two great naval Powers in it, ourselves and France, has got that overwhelming force? It must be perfectly clear to every one that that overwhelming force does not exist.

(d) THE ATTITUDE OF THE 'FASCIST' POWERS

(1) *Germany*

The outbreak of the Sino-Japanese conflict put the German Government in a position of extreme delicacy. In the first place they were bound to Japan by the Anti-Comintern Pact of the 25th November, 1936.¹ This instrument did not commit the Reich to helping Japan even if the latter were to become involved in trouble with the U.S.S.R., and *a fortiori* not if her adversary were China; but since Japan claimed that she was fighting against Communist influences in China, there was always the possibility that she might invoke the pact, particularly if the Soviet Union, or any other great Power, were to intervene on the Chinese side. Even without any invocation of the pact, if such intervention were to occur Germany would have to consider whether she could afford to see her friend and prospective ally run the risk of being overwhelmed, or whether she should participate in a world struggle of which neither the time nor the place would be of her own choosing. The need for such a momentous choice did not in fact arise during 1937, but the risk remained so long as the Far Eastern struggle went on. Furthermore, if the Germano-Japanese Pact meant more than it actually said and had been concluded with an eye to an eventual war either with the U.S.S.R. or with the Western democracies, it must have been distasteful both to the German General Staff and to the German Foreign Office to see Japan plunging into a war with China which would exhaust her resources and make her value as an ally in a subsequent general conflict quite uncertain.

Moreover, Germany had for years been cultivating Chinese friendship with conspicuous success. The victors in the General War of 1914-18 had deprived Germany of her leased territory and extra-territorial rights in China and had encouraged the Chinese authorities to expel German nationals; but subsequently Germany had won the favour of the Chinese Nationalists by being the first European Power to conclude a treaty with China on a basis of equality,² and

¹ See the *Survey for 1936*, pp. 384-8, 925-9.

² The treaty was signed on the 20th May, 1921 (see the *Survey for 1925*, vol. ii, pp. 327-30).

by 1937 she had more than recovered her former position in the Chinese market. By that year she had reached the third place, in the order of volume of trade, in the list of nations trading with China, and had forged ahead of the United Kingdom in this commercial competition. Germany had every reason for looking forward to obtaining a substantial share in the growing opportunities for increased commerce presented by a peaceful and united China, and, until Sino-Japanese hostilities became general in August 1937, those German hopes were being fulfilled. But by the end of 1937 there was a very different story to tell. By that time German commerce with China had fallen by 61 per cent., compared with a fall of 49 per cent. in the China trade of Great Britain, so that the apprehensions in German commercial circles proved to have been only too well founded. There could also be no illusions in Berlin in regard to what a Japanese control of China would mean for the trade of all the Western Powers.

From the standpoint of her political relations with China, Germany had a further reason for disliking the prospect of a Sino-Japanese war. The dismissal of Russian military advisers from the Chinese Central Government's service after the Kuomintang-Communist split in 1927¹ had been followed by the employment of German officers to train Marshal Chiang Kai-shek's 'new model' Army.² General von Falkenhausen and his colleagues had done excellent work to this end, and while they could not be described as enthusiastic adherents of the Nazi régime, it was, no doubt, nevertheless gratifying to Berlin to see an Army which they had helped to reform gradually but steadily gaining the upper hand over the Chinese Communist forces. The *rapprochement* between the Kuomintang and the Communist Party that followed the Sian affair³ had altered the situation, but no durable settlement between the Nanking Government and the Communists had been reached by July 1937; and, if Japanese pressure had then abated, it was not inconceivable that China might still have been brought to adhere to the Anti-Comintern Pact as an equal partner, rather than as a satellite of Japan, and Germany would then have succeeded in bringing both the Far Eastern nations into line with herself against Moscow. The Sino-Japanese hostilities shattered all prospect of this consummation and tended to drive China into closer accord with the U.S.S.R.

It is therefore not incredible that, as reported from a French

¹ See the *Survey for 1927*, Part III, section (ii).

² See the *Survey for 1928*, p. 397; the *Survey for 1929*, p. 300; the *Survey for 1934*, p. 648.

³ See pp. 156 *seqq.*, above.

source, Germany should at the outset have exerted herself to put some restraint on her too exuberant 'ideological' partner. On the 14th July the German Ambassador in Tokyo was reported to have told Mr. Hirota that Germany hoped that Japan would be able to localize the conflict, and that a general war with China would be contrary to the spirit of the Anti-Comintern Pact. If Japan could strengthen her position in North China without coming into collision with the Nanking Government, so much the better from the German point of view, since this would weaken the Soviet Union's position in the Far East, but Germany was rightly doubtful of Japan's ability to limit the struggle in this way. It is possible that General Chiang Kai-shek's German advisers also counselled him not to enter into a war with Japan if it could possibly be avoided, but Germany's efforts to prevent a general conflagration in the Far East had no more success than those of other nations.

When once hostilities had begun, Germany was at pains to make it clear that she intended to remain strictly neutral, and that she did not regard the Anti-Comintern Pact as having any application to the Sino-Japanese conflict. The *Berliner Börsenzeitung*, which was regarded as the mouthpiece of the German Foreign Office, wrote on the 22nd July:

The world knows that Germany pursues solely legitimate commercial interests in the Far East, and can have no other wish than to see peace preserved between the two nations which are its friends. The German-Japanese agreement for the warding off of Communism is quite a different proposition.

This statement was issued in reference to a call paid by the German Ambassador in Washington on Mr. Cordell Hull on the 21st July to inform him that Germany was adopting a strictly neutral attitude in the conflict between China and Japan and was at one with the United States in desiring an early settlement. A quiet reminder on a public occasion, from the Japanese Ambassador in Berlin, of the importance of the Anti-Comintern Pact failed to modify the German Government's attitude in regard to the inapplicability of the pact to the situation created by the hostilities in China.

Nor was this attitude changed by the conclusion of a non-aggression pact between China and the U.S.S.R. on the 21st August.¹ Although the signature of this pact apparently came as a surprise to diplomatic circles, the idea of it was not new. The suggestion for a Sino-Russian non-aggression agreement had come originally from the Chinese in 1933; but the negotiations had fallen through owing to

¹ The substance of the pact was made public on the 29th August.

Nanking's objections to the mutual-assistance treaty which Russia had concluded with Outer Mongolia and which China regarded as an infringement of her sovereignty.¹ According to a Japanese report, the conversations which led to the signing of the new Sino-Russian Pact had been opened in April 1937, but had made little progress before Sino-Japanese hostilities broke out because Chiang Kai-shek feared that he might alienate Great Britain if he were to appear to be aligning China with Russia. After the outbreak of the conflict, however, the negotiations moved rapidly to a successful conclusion.

The essential provisions of the Sino-Russian Pact² were contained in the first three articles, the text of which ran as follows:

Article 1. The two high contracting parties solemnly reaffirm that they condemn recourse to war for the solution of international controversies, and that they renounce it as an instrument of national policy in their relations with each other, and in pursuance of this pledge they undertake to refrain from any aggression against each other, either individually or jointly with one or more other Powers.

Article 2. In the event that either of the high contracting parties should be subjected to aggression on the part of one or more third Powers, the other high contracting party undertakes not to render assistance of any kind, either directly or indirectly, to such third Power or Powers at any time during the entire conflict, and also to refrain from taking any action or entering into any agreement which may be used by the aggressor or aggressors to the disadvantage of the party subjected to aggression.

Article 3. The provisions of the present treaty shall not be so interpreted as to affect or modify the rights and obligations arising in respect of the high contracting parties out of bilateral or multilateral treaties or agreements of which both the high contracting parties are signatories and which were concluded before the entrance into force of the present treaty.

A spokesman of the Nanking Foreign Office described the conclusion of this pact as marking the beginning of a régime of collective security for the Pacific and of an improvement in the existing situation. The terms of the pact, he declared, were of a simple and negative character and were designed solely to preserve peace. China, despite her love of peace, found herself compelled to resist aggression, but she would be quite willing to conclude a similar pact with Japan if that Power were to alter her aggressive policy. Russian official comment was limited to saying that the pact was a step towards the consolidation of peace.

¹ See the *Survey for 1935*, vol. i, Part II, section (v); and the *Survey for 1936*, pp. 934-5.

² The full text will be found in *Documents on International Affairs, 1937*, vol. i.

In actual fact, the pact represented a Russian diplomatic victory over Japan, and secured a solid advantage to the U.S.S.R. Only a month previously Mr. Hirota had invited China to join the anti-Comintern group, and Russians might well suspect that Japan would endeavour to insist upon this step as one of the conditions of eventual Sino-Japanese peace terms; but, as diplomatic circles in Moscow pointed out, the new pact prohibited China from entering into any arrangements that might involve her in a fight against Communism under the aegis of Japanese commanders on Chinese soil.

The advantages secured by China were less tangible. Russia had merely bound herself not to do what she had no intention of doing—namely to attack China or to assist Japan in any way. She was indeed precluded by the pact from sharing in the spoils of a Japanese conquest; but since it was hardly to be supposed that a victorious Japan would offer any such division, and since the U.S.S.R. was already firmly entrenched in Outer Mongolia and Sinkiang, she could scarcely be said to have sacrificed any prospect of gain. The U.S.S.R. gave no pledge of active aid to China, and reports from Tokyo of secret military clauses in the pact were officially denied in Nanking. One distinct gain to China was that the pact precluded, by implication, the possibility of any Russo-Japanese agreement in reliance upon which Japan might feel safe in withdrawing troops from 'Manchukuo' for service in China. Here again, however, the unsatisfactory state of Russo-Japanese relations made it appear highly improbable that the two Powers would have arrived at an agreement of this kind in any case; and indeed Japan herself had closed the door against such a development by her consistent refusal to sign the non-aggression pact which the U.S.S.R. had proffered.

Both in Nanking and in Tokyo the conclusion of the Sino-Russian Pact was naturally regarded as a counterblast to the German-Japanese Anti-Comintern Agreement. The Foreign Office spokesman in Tokyo declared that the pact confirmed the Japanese belief that the Nanking Government was being made a tool for the 'bolshhevization' of Eastern Asia—an allegation which was, however, rebutted by the Chinese delegation at Geneva, who issued a statement on the 8th September, at the time of registration of the Sino-Russian Pact, pointing out that Article 6 of the Sino-Russian Treaty of 1924, by which either Government had undertaken not to support revolutionary groups or to spread propaganda in the territories of the other, was unaffected by the conclusion of the new pact.

The news of the signature of the pact met with a hostile reception

in Berlin as well as in Tokyo. The German Press followed the line adopted by the Japanese spokesman and accused Russia of exploiting the situation in the Far East for her own ends and of intending to make China into a second Spain. At the same time, the existence of conflicting currents of opinion in Germany in regard to the Sino-Japanese conflict was becoming increasingly manifest. While the Nazi Party organs, such as *Der Angriff*, continued to depict Russia as the *fons et origo malorum* in the Far East, and Japan as an anti-Comintern champion who was disinterestedly trying to save China from the consequences of her own foolish infatuation, the German Government showed no inclination to respond to hints from Tokyo that the Sino-Russian Pact constituted an alliance which entitled Japan to expect active support from her partner in the Anti-Comintern Agreement. The attitude of Berlin towards the Far Eastern conflict remained, in fact, cautious and moderate—being influenced, perhaps, by a warning which the Government received from the Chinese Ambassador that the hostile comment of some sections of the German Press might adversely affect Sino-German commerce, and by complaints from German commercial circles of the havoc which the Sino-Japanese conflict was inflicting on trade. From the military standpoint, moreover, the German General Staff were far from showing the confidence in an ultimate Japanese victory which was expressed by the enthusiasts of the Nazi Party. An article published on the 30th September in *Die Wehrmacht*, the mouthpiece of the General Staff, pointed out that the war had only just begun and that the victory of Japan could not be taken for granted; it was impossible for the Japanese to occupy the whole of China; and the country as a whole would remain unconquerable, while its vast population would be filled with an undying hatred for the Japanese.

Another cause of concern in Germany was the possibility that Japan's reckless disregard for foreign lives and interests might provoke Great Britain and the United States to take action against her. Thus, when the British Ambassador in China was the victim of an attack from a Japanese military aeroplane on the road from Nanking to Shanghai,¹ the *Börsenzeitung* added to its expression of sympathy with the victim the hope that no extension of the conflict would follow, and that London would bear in mind that there was no malicious intent on the Japanese side. Possibly the fear of such developments contributed to the marked distaste which was shown in Berlin for the activities of the League Advisory Committee and for the prepa-

¹ See p. 306, below.

rations for the Brussels Conference. On the 30th October the German Foreign Minister, Herr von Neurath, in the course of a speech at Munich, referred to these activities in the following terms:

I should like to point out, without expressing any opinion on the conflict, that it would be a most unfortunate beginning to the initiation of attempts to terminate the struggle if those attempts were instigated in the spirit of the resolution which the League of Nations recently passed in this matter. This resolution, it is true, contains only a very diluted form of collective policy. But I believe that, however the conflict itself may be judged, the Powers who wish to mediate between the contending parties must not for this purpose sit in the chair of the moral judge.

It will be observed that the German Foreign Minister carefully refrained from any expression of partiality for Japan, and the same neutral attitude was displayed in the terms of the already recorded German refusal to attend the Brussels Conference.¹ The German attitude was that the discussions on the Far Eastern question ought to be based on the principle of neutrality and not on that of intervention by the Powers on the basis of the Nine-Power Treaty (one of the post-War settlements from which Germany had been excluded in the days of her weakness, and the collapse of which she now contemplated with a good deal of *Schadenfreude*). For the rest, the German Government doubtless felt that they could safely leave Japanese interests at the Conference to be championed by Italy, whose Government had adopted an attitude far more openly pro-Japanese than that of Berlin. That Germany was sincere in her desire to see the conflict ended was shown by the mediatory activities of her Ambassador in China, which have already been described² and which failed through no lack of genuine endeavour either on the Ambassador's part or on that of his Government.

The failure of the Brussels Conference appears to have encouraged the German Press to come out more openly in support of Japan. This became especially apparent in German newspaper comment on the *Ladybird* and *Panay* incidents.³ Mild representations, which fell short of a protest, were made by the German Government to Japan over the bombing on the 12th December of the British steamer *Wangpu*, which had on board the staff of the German Embassy in China; but no criticism of Japan was permitted in the German Press, whereas some German newspapers represented the British and American protests regarding the *Ladybird* and *Panay* incidents as tantamount to intervention in the Sino-Japanese conflict. The

¹ See p. 286, above.

² See pp. 242-3, above.

³ See pp. 309 *seqq.*, below.

comment of the *Deutsche Allgemeine Zeitung*, for instance, was that the British and American warships had no more right to expect that they would not be fired upon than a neutral ship would have had if it had wandered into the middle of the Battle of Jutland.¹ The strong feeling which the German Press displayed on this subject might reflect a fear of seeing Great Britain and the United States drawn closer together by a common danger, since this would promote the formation of an 'Anglo-Saxon' democratic front in the Far East in opposition to the anti-Comintern front which Germany had laboured to create. Yet Germany's own efforts to tighten the bond with her own 'ideological' counterpart in the Far East were tempered, as has been shown, by a desire to retain the friendship of China; and loyalty to Japan had by the end of 1937 not yet caused the German Government to alter their official attitude of neutrality, to recall the German military advisers from China, or to stop the substantial flow of German arms and munitions destined for the armies of General Chiang Kai-shek.

(2) Italy

The position of Italy with regard to the Sino-Japanese conflict differed materially from that of Germany. It will be recalled that on the eve of Italy's invasion of Abyssinia one of the excuses for the war that had been put forward in the Italian Press was an alleged attempt on the part of Japan to secure a political, as well as an economic, footing in the African state which Italy had marked down as her own preserve.² Signor Mussolini himself had on at least one occasion³ emulated the Emperor William II of Germany in attempting to make the flesh of Europe creep by evoking the spectre of the 'Yellow Peril', and had in consequence received a pained

¹ This comment gave rise to an Anglo-German Press controversy. When the Berlin correspondent of *The Times* suggested that it showed that Germany was now taking a more practical view than she had taken when her own ships had been bombed in Spanish waters—when the bombing of a German battleship had been followed by the shelling of a Spanish town (see vol. ii, pp. 312–3)—he drew down a storm of recrimination upon his head. The German Press vehemently denied that there was any similarity between the two cases. The German ship, it was pointed out, had been engaged in fulfilling an international obligation by taking part in the Non-Intervention patrol, but there was no such justification for the presence of foreign warships in the Yangtse; and it was suggested that the British and American Governments would do well to follow the example set by Germany, when she withdrew from the Spanish naval patrol scheme, by withdrawing their own ships from the Yangtse.

² See the *Survey for 1935*, vol. ii, p. 28.

³ In an article which he wrote for an American newspaper syndicate in January 1934, and which was widely reproduced in the European Press (e.g. in the *Pester Lloyd* of the 14th January, 1934).

remonstrance from Tokyo pointing out that such an unfriendly Italian attitude to Japan might seem particularly wanton in view of the admiration with which the Duce had always been regarded in Japanese circles. Although the Government at Tokyo maintained a correctly neutral attitude during the Abyssinian conflict, they were naturally chagrined at the loss of a growing market for Japanese goods through the Italian conquest of Abyssinia. Popular feeling in Japan was on the whole in favour of the Abyssinians, and suggestions of a similarity, if not a connexion, between Italy's action in Abyssinia and that taken by Japan in Manchuria were hotly resented in Japan and were dismissed as manifestations of the usual Western lack of understanding of Japanese motives and objects in the Far East. But when the imposition of sanctions by the League of Nations caused Italian anger to be directed against that institution and in particular against Great Britain, Japan was quick to sympathize with Italy, and this led to a steady improvement in the relations between the two countries. In November 1936 an arrangement was arrived at between them by which Japan replaced her Legation in Abyssinia by a Consulate-General and Italy promised to give favourable consideration to Japanese economic interests in that country.¹ Japan accordingly proposed to Italy the conclusion of a commercial agreement which would confirm her in the enjoyment of the privileges which had been secured by the Japanese-Abyssinian Treaty of Commerce and Amity of the 15th November, 1930. Negotiations to this end were initiated, but made little progress. It would appear that overtures from Rome with a view to Italy's accession to the Anti-Comintern Pact met with a cool reception in Tokyo, partly because the Japanese Government did not wish to aggravate the disapproval which their association with Germany had aroused in liberal Japanese circles—which at the time were recovering some of their lost influence in Japanese political life—and partly because they hoped to use the Italian desire to adhere to the pact as a lever for obtaining the desired concessions to Japanese economic interests in Abyssinia. Thus Italy, unlike Germany, was not bound to Japan by any formal 'ideological' tie, clinching an informal 'ideological' affinity, at the time when hostilities began in China in the summer of 1937.

On the other hand Italy, unlike Germany, had not any great material stake of her own in China to consider. It is true that Signor Mussolini had been energetic in pushing Italian interests in China, as elsewhere, and that Italian prestige in the Far East had considerably increased. An Italian subject held the post of Financial

¹ See the *Survey for 1936*, p. 905.

Adviser to the Nanking Government; an Italian Air Mission at Nanchang had replaced the former American instructors of the Chinese Air Force; and Italy was competing with France in the patronage of Catholic missions in China. But Italy had nothing really substantial to lose by a Japanese conquest of China; she was also much less concerned than Germany was to preserve Japan's strength as a counterweight to the U.S.S.R.; and she could take a certain satisfaction in the disturbance which Japanese aggression in China was causing to the two Powers with whom she was at the moment embroiled as a result of her intervention in Spain—namely Great Britain and France. At a time when Italy's principal concern was to strengthen her own position in the Mediterranean by securing the victory of General Franco, she might well welcome any development in another quarter of the globe which would distract the attention of London and Paris from the Spanish bull-ring.

The Italian Press scarcely referred to the Sino-Japanese conflict for some three months, but its heavy batteries were brought into action so soon as there was any suggestion of collective action against Japan. On the 6th October, an article that was generally attributed to Signor Mussolini himself appeared in the *Popolo d'Italia*. The contributor wrote of the *élan vital* of Japan, which, it was declared, Italy understood and of which she approved. 'Japan', the writer explained, 'is not formally Fascist, but she is anti-Bolshevist, and the trend of her policy and her people brings her into the fold of the Fascist states.' Two days later Signor Gayda published an article in the *Giornale d'Italia* in which he defended Japan's 'work of purification in China' and made a vigorous attack upon President Roosevelt's Chicago speech,¹ upon Great Britain as the instigator of anti-Japanese action at Geneva, and upon the policy of the League itself. Japan was naturally gratified at this vigorous championship of her cause, and on the 9th October the Japanese Government were reported to have expressed their thanks to Signor Mussolini through the Italian Ambassador in Tokyo.

This open Italian support for Japan produced a recrudescence of the rumours that Italy was about to adhere to the Anti-Comintern Pact. This question was understood to have been one of the subjects of conversation between Signor Mussolini and Herr Hitler during the former's visit to Berlin in September,² but Germany was believed to have intimated that she would not welcome the inclusion of Italy in the pact at that moment. The initiative which led to the final negotiations for Italian adherence appears in fact to have come from

¹ See pp. 273 *seqq.*, above.

² See pp. 333–5, below.

Japan—political considerations having now brought about a reversal of Japan's previous attitude.¹ Mr. Roosevelt's Chicago speech, following upon the signature of the Sino-Russian Pact, had come as a disturbing reminder of the possibility of an anti-Fascist combination; and the Japanese Government's desire to provide themselves with some counterweight against that possibility was doubtless strengthened by the lukewarm attitude which Germany was adopting. Popular opposition in Japan to a *rapprochement* with Italy could now be discounted, in view of the growth of a strong anti-British feeling and of the obvious advantages to Japan of acquiring a new partner who might, indeed, be able to give her little help against China or Russia, but who possessed a 'nuisance value' against Great Britain in the Mediterranean which might be of first-rate importance. For this reason, Japanese naval circles were said to have favoured Italy's adherence to the Anti-Comintern Pact from the first; and while the Army had taken the contrary view at an earlier stage, it had changed its attitude when British opposition to Japanese action in China became apparent.

Italy had agreed to be represented at Brussels, and the Italian Government were believed to hold the view that it would be better for them not to be publicly committed to Japan until after the termination of the Conference. They appear, however, to have given way to the representations of Japan on this point, and on the 6th November, 1937, while the Conference was in session, the protocol of Italian adherence to the German-Japanese Pact was signed at Rome. This proceeding, and the world-wide repercussions to which it gave rise, are dealt with in another chapter of this *Survey*.²

The first fruits of the new pact were seen on the 29th November, when the Italian Government formally recognized 'Manchukuo'. Besides sending a goodwill telegram to the Foreign Minister of 'Manchukuo', Count Ciano officially announced the decision taken by his Government in a telegram to Mr. Hirota. An article in the *Popolo*

¹ See p. 301, above.

² See Part I, pp. 43 *seqq.* For an official Japanese view on the significance of the Italian adherence, see a statement by the Bureau of Information of the Department of Foreign Affairs, which was published in the *Tokyo Gazette* for December 1937. This denied that the newly enlarged Anti-Comintern Pact concealed any territorial aims and asserted that the Russian Government had no right to protest against it in view of their repeated asseverations that the Comintern was not an official organization. The statement also endeavoured to allay any possible disquiet among the Japanese people by declaring that 'to speak of Japan as being converted to Fascism by the conclusion of the present agreement denotes either propaganda of a malicious nature or a fallacious view-point'.

d'Italia commenting on this step declared that it was 'entirely in the style of Fascist policy, which is inspired by reality and which shuns fiction'—in contrast to the policy of the 'League of Geneva, a consortium of certain nations linked together in the vain effort to stop the march of history'. Japanese comments were similar in nature, and the Foreign Office spokesman compared the Italian action to 'an alarm bell sounding a warning to the League and to nations which ignore realities'. On the 18th January, 1938, it was announced that 'Manchukuo' would shortly send a Minister to Rome and that Signor Luigi Cortese, the Italian Consul-General in Mukden, would open a Legation in Hsinking.

The political tie which now bound Rome to Tokyo was supplemented by the signature in Rome, on the 30th December, 1937, of the long-postponed commercial agreement. Under this the Italo-Japanese commercial treaty of the 17th June, 1913, which had hitherto applied only to Italy proper, was modified textually so as to cover in addition not merely Abyssinia but all Italian colonies and possessions. Furthermore, while the 1913 treaty could be terminated at any time by a month's notice from either party, the new agreement provided that it should not be abrogated for three years and that it might be extended thereafter for a year at a time. With regard to 'Manchukuo', Italy agreed that the most-favoured-nation clause should not apply to any preferences which Japan might accord to that state in the matter of customs duties. Thus Japan secured a handsome list of concessions, which were especially welcome in view of her need for fresh export markets to set off in some degree her grievous commercial losses in China and the effect of boycotts in other countries.

Between the date of Italy's adherence to the Anti-Comintern Pact and the end of the year 1937, her solidarity with Japan was evinced in a number of ways. For instance, the Chinese Minister for Press and Propaganda met with a rebuff when he visited Italy in mid-November in the hope of persuading the Government at Rome to take a more favourable view of the Chinese cause; and on the 1st December the *Popolo d'Italia*, in another article on the Far Eastern situation, warned China of the futility of further resistance to Japan. It was also significant that the Italian Government should have refrained from making any protest when an Italian journalist lost his life in the *Panay* incident.¹ At the same time, it was possible to discern signs, in Italy as in Germany, of a certain uneasiness lest the newly formed 'Triangle' should be weakened by the exhaustion of one of

¹ See p. 313, below.

its members and thus be prevented from serving what was its main purpose in Italian eyes—that of bringing pressure to bear upon Great Britain.

It was also interesting to observe that, despite Italy's adherence to the Anti-Comintern Pact, arms and ammunition continued to reach China from Italian sources and that, although the members of the Italian Air Mission left China before the end of the year 1937, their departure was attributed to a Chinese preference for assistance from other quarters rather than to any action by the Italian Government.

(v) Repercussions on Foreign Interests in China

At the end of 1937 it was an impossible, and would indeed have been an unprofitable, task to attempt to assess, in any comprehensive way, the damage which the Sino-Japanese conflict had inflicted up to that time on foreign interests in China. In the preceding chapters certain passing references have been made to the effect of the hostilities upon foreign interests, in connexion with trade, navigation, property, the transportation of goods, and so on;¹ but a more detailed examination of foreign losses as a whole is reserved for inclusion in the next volume of the *Survey*.

The year 1937 did, however, witness a number of attacks on foreign life and property; and these call for special attention because of their gravity, because of the questions to which they gave rise in connexion with the principles involved in the accepted rules of warfare, and, not least, because of their effect upon public opinion in Great Britain and the United States. It has, therefore, seemed well to include in the present volume an account of these several incidents, together with a record of Japanese actions at Shanghai which, by threatening the integrity of the International Settlement, raised issues of international importance.

(a) ATTACKS ON FOREIGN LIFE AND PROPERTY IN CHINA

It was inevitable that the Sino-Japanese conflict, in which the air arm played so active a part, should be attended by losses of life and

¹ Mention should be made also of an important foreign interest which was especially vulnerable to the ravages of war, namely foreign holdings of Chinese Government railway bonds, on which a capital debt of approximately £50,000,000 was outstanding. To the credit of the Chinese Government it should be recorded that, in spite of the physical damage and the dislocation of traffic which were inflicted on the Chinese railways by the Japanese armed forces, no fresh defaults occurred in the payment of interest on these bonds in the year under review.

property among neutrals as well as combatants—and this more especially at Shanghai, where there was prolonged fighting in and round the International Settlement and on and round the Whangpoo River with its complement of foreign warships and merchantmen. A large proportion of the total tale of incidents could be attributed to the ordinary hazards of war. Among these could be included the attacks by Chinese bombing 'planes upon H.M.S. *Cumberland* on the 15th August, 1937, and upon the American liner *President Hoover* on the 30th of that month—the ships having apparently been mistaken for Japanese warships or transports—and also the killing or wounding, by Japanese shells and machine-gun fire, of foreign soldiers stationed in the Shanghai defence sectors.

The incidents with which the following pages are concerned fall, however, into a different category, inasmuch as they bore every appearance of being the result of deliberate intent, if not on the part of the higher Japanese military authorities, on the part at any rate of the subordinate officers directly concerned.

The earliest of these affairs was the attack upon two British Embassy cars by Japanese military aircraft which took place on the 26th August, and which resulted in serious injury to Sir Hughe Knatchbull-Hugessen, the British Ambassador in China. The circumstances of the attack, as they were set out in the British note of protest presented in Tokyo on the 29th August, were briefly as follows. The Ambassador was on the road from Nanking to Shanghai on the 26th August, accompanied by the military *attaché* and the Financial Adviser to the British Embassy. The party was travelling in two motor-cars which were both of them patently non-military, and were distinguished by British flags. When about forty miles from Shanghai, the cars were attacked by machine-gun fire from a Japanese aeroplane, which dived down and fired at the cars from a low angle. This manœuvre was followed by an attack from a second Japanese aeroplane, bombing from a height of about 200 ft. The Ambassador was hit and severely wounded by a bullet.

After recording the 'deep distress and concern of His Majesty's Government at the news of this deplorable event', the note presented in Tokyo passed on to a general discussion of the application of the rules of international law to attacks on non-combatants.

Although non-combatants, including foreigners resident in the country concerned, must accept the inevitable risk of injury resulting indirectly from the normal conduct of hostilities, it is one of the oldest and best-established rules of international law that direct or deliberate

attacks on non-combatants are absolutely prohibited, whether inside or outside the area in which hostilities are taking place.

Aircraft are in no way exempt from this rule, which applies as much to attack from the air as to any other form of attack.

Nor can the plea of accident be accepted where the facts are such as to show, at the best, negligence and a complete disregard for the sanctity of civilian life. In the present case the facts which have been recorded above make it clear that this was no accident resulting from any normal hostile operation, and it should have been obvious to the aircraft that they were dealing with non-combatants.

The plea, should it be advanced, that the flags carried on the cars were too small to be visible is irrelevant. There would have been no justification for the attack even had the cars carried no flags at all. The foreign, even the diplomatic, status of the occupants is also irrelevant. The real issue is that they were non-combatants. The aircraft no doubt did not intend to attack His Majesty's Ambassador as such. They apparently did intend to attack non-combatants, and that suffices in itself to constitute an illegality.

It was pointed out that the scene of the attack was removed from the zone of fighting and free of Chinese troops, and the note concluded with the words:

His Majesty's Government feel that they must take this opportunity to emphasize the wider significance of this event. It is an outstanding example of the results to be expected from indiscriminate attack from the air. Such events are inseparable from the practice, as illegal as it is unknown, of failing to draw that clear distinction between combatants and non-combatants in the conduct of hostilities which international law, no less than the conscience of mankind, has always enjoined.

The fact that in the present case no actual state of war has been declared or expressly recognized by either party to exist emphasizes the inexcusable nature of what occurred. His Majesty's Government must therefore request:

- (1) A formal apology, to be conveyed by the Japanese Government to His Majesty's Government.
- (2) Suitable punishment of those responsible for the attack.
- (3) An assurance by the Japanese that the necessary measures will be taken to prevent the recurrence of incidents of such a character.

The settlement of the issues raised in the British note was delayed by a misunderstanding due to an error in the note, which was subsequently corrected, concerning the precise locality in which the incident had taken place. In the meanwhile, however, the Japanese Government delivered an *ad interim* reply. While making reservations on the question of Japanese responsibility for the attack on the Ambassador's car pending the results of investigation, the Government expressed

in view of the traditional ties of friendship which bind Japan and Great

Britain . . . their profound regret that Sir Hughe should have met with such a misfortune incidentally to the hostilities that were actually in progress in the region [of the attack] on that particular day—

thus indirectly contesting the British statement that the place lay outside the area of fighting. The note went on to say that the Japanese forces always took the fullest precautions against causing injuries to non-combatants, and that fresh instructions had been sent to them to exercise the strictest caution in this regard. It concluded by asking the British authorities to

co-operate with the Japanese authorities with a view to forestalling the recurrence of a similar event by taking such necessary measures as giving notice in advance to the Japanese authorities on the spot when entering a zone of danger.

This *ex gratia* expression of Japanese regret was followed in due course, on the 21st September, by a final reply to the British protest. In this the Japanese Foreign Office asserted that two Japanese military aeroplanes had in fact on that day, and approximately at the time in question, delivered an attack on two motor cars which were believed to be carrying Chinese soldiers. The place of the attack was described, and was stated to be in a locality where Chinese forces were concentrated and where repeated aerial fighting had been taking place. After a reference to the topographical confusion which had arisen through the initial error in the British communication, the Japanese reply admitted the possibility that the Ambassador's car might have been in the vicinity, and it continued:

In the light of all these circumstances, the Japanese Government consider that the incident may have been caused by Japanese 'planes which mistook the Ambassador's motor-car for a military bus or truck. As the wounding of the Ambassador may thus have been due to the action, however involuntary, of Japanese aircraft, the Japanese Government desire to convey to His Britannic Majesty's Government a formal expression of their deep regret.

As regards the question of the punishment of the aviators concerned, it is needless to say that the Japanese Government would take suitable steps whenever it was established that Japanese aviators killed or wounded, intentionally or through negligence, nationals belonging to a third country.

Turning, in conclusion, to the question of attacks on non-combatants, which the British Foreign Office had described as 'the wider significance of the event', the Japanese Foreign Minister declared:

As stated in their interim note of the 6th September, instructions have been sent again to the Japanese forces in China to exercise the greatest care in safeguarding non-combatants, it being the desire and

policy of the Japanese Government to limit, as far as this can possibly be done, the dangers to non-combatants resulting from the existence of hostilities in China.

Of the three requests contained in the British note of protest of the 29th August, the first—the request for a formal apology—had now been fulfilled; the second—for suitable punishment of those responsible for the attack—had been at least temporarily evaded by the plea that responsibility had not been established; while on the question of preventing similar occurrences in the future the Japanese Government had announced that they had renewed instructions to their forces to exercise care ‘in safeguarding non-combatants’.¹ The answer was, however, accepted as satisfactory by the British Government, who declared the incident closed.

It was in December, when the Japanese forces were advancing by land and river to the attack on Nanking, that the most serious outrages on foreign life and property occurred in the form of attacks upon British and United States warships and merchantmen on the Yangtse.

On the 5th December, 1937, several British ships lying off the port of Wuhu were attacked by Japanese aircraft. The steamer *Tuckwo* and a hulk belonging to the British firm of Jardine & Matheson were hit by bombs and destroyed by fire, while the *Tatung*, belonging to another British firm, Messrs. Butterfield & Swire, was badly damaged. At the same time H.M.S. *Ladybird*, which was lying at the port, was struck by splinters and her captain wounded. The Japanese Admiral commanding at Shanghai expressed his regret to the British Commander-in-Chief, and the Government in Tokyo informed the British Ambassador that they were prepared to consider compensation for damage.

The last-mentioned incident was very soon overshadowed by attacks which were made on one and the same day, namely the 12th December, upon British and American warships on the Yangtse, and which were sufficiently serious to threaten to produce a severe crisis in the relations between Japan and the two Western Powers concerned. The cases in which British ships were involved will be dealt with first. The following is a summarized account of the several inci-

¹ This did not prevent a second attack by Japanese aircraft on British Embassy motor-cars on the road from Nanking to Shanghai on the 12th October. On that occasion the occupants were more fortunate and escaped injury. The Japanese authorities had been duly notified beforehand of the intended journey and route, and the cars were marked on the roof with the British colours. In this case also the Japanese official apology for the incident was accepted.

dents as given in a statement by Mr. Eden in the House of Commons at Westminster on the day after the incident. A concentration of British shipping, with H.M.S.S. *Cricket* and *Scarab* in company, was attacked with bombs three times in succession at a point on the river between Nanking and Wuhu. No hits were registered and no results of the return fire opened by His Majesty's ships were reported. At Wuhu itself H.M.S. *Ladybird*, while moving to the support of a British tug which had been attacked by machine-gun fire, was fired on by a field-gun battery. Four direct hits were sustained, which resulted in the killing of one naval rating and in the wounding of other members of the ship's company, including the Flag Captain. Of the British merchant ships one at least was hit, and H.M.S. *Bee*, which arrived on the scene later, was also fired upon. The senior naval officer landed and made a strong protest to Colonel Hashimoto, the senior Japanese military officer on the spot, who stated that the firing on the warships was a mistake, but added that he had orders to fire at every ship on the river.

The Japanese civil, military and naval authorities in Shanghai were immediately informed, and undertook to warn the Japanese forces in the field. At the same time His Majesty's Ambassador in Tokyo made a strong protest to the Minister for Foreign Affairs, who promised to make an immediate inquiry. As was afterwards established, the *Cricket* and the *Scarab* and the vessels under their convoy were at the time of the attack in an area which had been designated as a safety zone by the Japanese Commander-in-Chief, and Colonel Hashimoto had been officially informed of the arrangements for the concentration of British vessels. This officer, as the Japanese Foreign Office were informed in the subsequent British note of protest, had in his interview with the British senior naval officer categorically stated that if any ships moved on the river they would be fired upon, and he had, in spite of protests, kept the British gunboats covered by the guns of his battery at point blank range even after they had berthed.

On the 14th December the Japanese Government apologized for the attacks on the British warships. Their note contained an assurance that 'the necessary measures to prevent the recurrence of incidents of this nature' had been taken, that those responsible would be suitably dealt with upon completion of the investigations, and that Japan was prepared to pay compensation for the damage inflicted. The British Government replied on the next day in a note which set forth in detail the occurrences on the 12th and expressed satisfaction at the receipt of the Japanese apology, but asked for assurances in

respect of the security of British merchant vessels, which had not been mentioned in the Japanese note. Concerning the question of the punishment of those responsible, the British Government observed that 'adequate punishment of those responsible for the particular attacks under discussion seems to His Majesty's Government to be the only method by which further outrages can be prevented'. After recalling the Japanese Government's earlier promises to take adequate steps to prevent the repetition of incidents such as the attack on the British Ambassador, the note continued:

It is clear that the steps hitherto taken by the Japanese Government to prevent such attacks have so far failed in that purpose, and His Majesty's Government must now ask to be informed that measures have actually been taken of a character which will put a definite stop to the incidents of which they complain.

In a note dated the 17th December, Mr. Hirota gave the desired assurance with regard to the attacks on British merchantmen, but it was not until the 28th that a comprehensive reply was delivered to the British Ambassador in Tokyo. In this it was stated that investigations had shown that the incidents were in each case due to the fact that the Japanese armed forces concerned had taken it for granted that, under the circumstances which prevailed at the time, all foreign warships and vessels had sought refuge from the theatres of battle and from their vicinity, and that there could be no other vessels left in those localities than those of an enemy character. After referring also to the poor conditions of visibility which prevailed at the time, the note affirmed that 'there is no room for doubt that our forces never attacked those vessels intentionally, knowing them to be of British nationality'.

With regard to the British assertion that Colonel Hashimoto had spoken of an order to fire upon all vessels in the Yangtse, the Japanese Government had, it was stated, established that the alleged order applied only to vessels used for military purposes by the enemy, and that it was never meant to apply to the vessels of third Powers; difficulties of language were adduced as the reason for the misunderstanding. The Japanese Government further declared that they had

dealt properly, according to law, with all those of the Army, including the Commander of the force, and all those of the Navy, including the Commander of the Flying Force, who were responsible for the incidents, on the ground that they failed to take the fullest measures of precaution.

Strict orders had been issued by the higher commanding officers of the Army and Navy against the delivery of attacks on vessels not clearly identified as being used for military purposes by the Chinese,

and the naval authorities had enjoined the greatest caution in areas where foreign vessels were to be found. It was hoped that the British Government would appreciate the measures taken 'in the sincere desire to render more effective and certain the guarantee for the rights and interests of Great Britain and other third Powers'.

The exchange of diplomatic correspondence concerning the *Lady-bird* affair ended with a British note dated the 31st December, 1937, in which His Majesty's Government expressed satisfaction at the undertakings given by Tokyo, while intimating a desire to be informed of the details of the measures to be taken and of their 'effective application'.

Although the action of the local Japanese commanders was equally reprehensible in the two cases, the attacks upon British vessels took second place, in the popular attention in Great Britain and the United States, to the simultaneous attack on the United States ship *Panay*, which resulted in the total loss of the vessel with heavy casualties, and the details of which were brought home to the public by vivid eyewitness accounts and by motion pictures of the actual outrage. The circumstances in which the warship sank were authoritatively set out in the report of a court of inquiry, held in China by American naval officers, which was published in the United States on the 24th December. According to the findings of the court the *Panay* had, on the 12th of that month, in pursuance of orders to provide a temporary office for the United States Embassy Staff and to afford refuge for American and other foreign nationals, organized a convoy of three Standard Vacuum Oil Company vessels, and from an anchorage fifteen miles above Nanking had moved up river in order to stand clear of Japanese shell-fire. The *Panay* had on board, in addition to her regular complement, four members of the American Embassy staff, four other American citizens and five foreign nationals. Both the *Panay* and the merchant vessels under her protection were displaying the United States flag arranged in a conspicuous manner. A Japanese Army officer, who came on board on that morning, was informed of the place of anchorage to which the gunboat and her convoy were proceeding, but gave no warning of danger. An hour and a half after reaching their anchorage, in clear weather and with no other vessels in the vicinity, the ships were attacked by three Japanese bombing 'planes. The *Panay* was hit and badly damaged. Six other Japanese aircraft then appeared and attacked the ships with bombs and machine-gun fire, and subsequently fired on one of the *Panay*'s boats which was taking the wounded ashore. The warship replied with her machine-gun battery. When the sinking ship was

abandoned a Japanese motor-boat filled with soldiers approached and fired on her with a machine-gun; the Japanese soldiers went on board but left again a few minutes later. A little more than two hours after the attack the *Panay* sank. Her survivors spent about fifty hours on shore, their sufferings being mitigated by the kind treatment received from the Chinese villagers; they were finally rescued through the efforts of the U.S.S. *Oahu* and of H.M.S.S. *Bee* and *Ladybird*. Of the complement of the *Panay*, two were killed and forty-one wounded, including the commanding officer; none of the ship's officers escaped injury. Among the civilians who had been on board there were four casualties, including a member of the United States Embassy and an Italian journalist, who succumbed to his wounds.¹

All three of the Oil Company's vessels were damaged, one so badly that she had to be beached, while the other two were moved alongside a neighbouring wharf. There they were again attacked by Japanese bombers and destroyed. Some Japanese soldiers in the vicinity tried to stop the bombing by waving flags and themselves suffered several casualties. The captain of one of the ships was killed, and four other foreigners, together with a large number of the Chinese crew, were wounded.

There is little doubt that the news of the attack on the *Panay* gave an acute shock to the Japanese Foreign Office. Mr. Hirota lost no time in making his profound apologies to the United States Ambassador, and the Japanese Ambassador in Washington was instructed to convey his Government's regrets to the Secretary of State. The attitude of the United States Government towards the affair was expressed by the President himself on the 13th December, in an instruction to the Secretary of State:

Please tell the Japanese Ambassador when you see him at 1 o'clock:

1. That the President is deeply shocked and concerned by the news of indiscriminate bombing of American and other non-Chinese vessels on the Yangtse and that he requests that the Emperor be so advised.

2. That all the facts are being assembled and will shortly be presented to the Japanese Government.

3. That in the meantime it is hoped that the Japanese Government will be considering definitely for presentation to this Government:

(a) Full expression of regret and proffer of full compensation;

(b) Methods guaranteeing against a repetition of any similar attack in the future.

In asking that the Emperor of Japan in person should be informed of his sentiments concerning indiscriminate bombing, it is possible that Mr. Roosevelt was influenced by the consideration that, however

¹ See also p. 304, above.

sincere the Japanese Foreign Office were in their assurances of regret, they might have been impotent to control the actions of the Japanese Army and Navy. Should, however, the Emperor, in reply to the President's message, feel called upon to express his regrets for what had happened, this would be tantamount to an Imperial rebuke to the armed forces; the blow to the latter's prestige would be great; Japanese traditional custom would demand the resignation at least of all those who had been responsible; and an opportunity might be afforded to the Japanese civilian elements to exert a moderating influence on Japanese foreign policy. The action of the President, if interpreted in this way, could be regarded as an attempt, not to humiliate Japan, but to help her more moderate statesmen to regain control. No announcement was made as to whether the message was duly conveyed to the Emperor, and although he could hardly have remained unaware of Mr. Roosevelt's request in view of the publicity given to the instruction to the Secretary of State, there was no indication that it came officially to his notice. Nor did it appear that the President's *démarche* had the effect of strengthening the hands of those Japanese statesmen who were anxious to put a curb upon military waywardness, for, in spite of promises that disciplinary measures would be taken against the Army officers concerned, there was no eventual confirmation that the promises had been put into effect.¹

The first Japanese communication in writing concerning the *Panay* affair was handed to the American Ambassador in Tokyo on the 14th December. In it the Tokyo Foreign Office excused the action of the Japanese airmen on the ground that they had been at the time on the watch for steamers, carrying Chinese troops in retreat from Nanking, which were reported to be on the river, and that they mistook the American ships for these steamers owing to poor visibility and to the absence of adequate marks of identification; a fresh apology was tendered, compensation was promised and assurances were given that the responsible parties would be punished and that strict orders had been issued to prevent further occurrences of the sort.

On the same day the formal protest of the United States Government was presented in a note to the Japanese Government, in which it was pointed out that the American vessels were on the Yangtse 'by uncontested and incontestable right', and were 'engaged in their legitimate and appropriate business' when they were attacked. After

¹ In contrast to the attitude of the Army, the Japanese Navy accepted from the first full responsibility for the part played by the naval airmen, and those involved in the bombing of the American ships were eventually punished.

describing the attack on the basis of the information given by the Japanese naval authorities at Shanghai, the note went on to observe that, despite repeated assurances on the part of the Japanese Government and 'of various Japanese authorities at various points' that the rights and interests of other Powers would be respected, American rights had been violated, lives endangered and property destroyed. The Japanese Government were reminded of the fact that in several instances they had expressed regrets and had given assurances that precautions would be taken against a recurrence of such incidents. Yet Japanese armed forces, 'in complete disregard of American rights', had taken American lives and destroyed American property, both public and private.

In these circumstances [the Note stated in conclusion] the Government of the United States requests and expects of the Japanese Government a formally recorded expression of regret, an undertaking to make complete and comprehensive indemnifications, and an assurance that definite and specific steps have been taken which will insure that hereafter American nationals, interests and property in China will not be subjected to attack by Japanese armed forces or unlawful interference by any Japanese authorities or forces whatsoever.

In the ten days which elapsed before the Japanese Government replied to this note there was a stiffening of American opinion, despite the profuseness of the Japanese apologies, both public and private, and of such tokens of goodwill as the opening of subscription lists in Tokyo for the *Panay* victims. The change was mainly due to the full reports which had begun to come in from eyewitnesses on board the *Panay*, including several newspaper correspondents, which revealed, among other things, that the Japanese aircraft had flown low enough to use machine-guns and that the Japanese Army launch had attacked and boarded the vessel. The affair took on all the aspects of a deliberate attack, and the survivors themselves expressed their conviction that the Japanese could not have mistaken the nationality of the vessels which they were attacking. Nor was American resentment lessened by the almost derisory excuses, contradictory statements and counter-charges (e.g. that the *Panay* had first fired on the Army launches) which were made by the Japanese military spokesmen.

The Japanese Government's reply to the American protest was delivered on the 24th December. It declared that the attack had been established to have been entirely unintentional, and repeated the assurance that steps had been taken to prevent a recurrence. As regards disciplinary action it was stated that

the Commander of the Flying Force concerned was immediately removed from his post and recalled, on the grounds of a failure to take the fullest measures of precaution. Moreover, the staff members of the fleet and the commander of the flying squadron and all others responsible have been duly dealt with according to law.

The Japanese Government's final admission of responsibility and their offer of amends¹ was acknowledged with expressions of satisfaction by the United States Government in a note dated the 26th December, 1937. In this way the crisis which the *Panay* affair had introduced into Japanese-American relations was, like the friction caused with Great Britain by the *Ladybird* incident, virtually liquidated by the end of the year. The wave of popular indignation in the United States had by this time subsided under the damping influence of that section of the American Press which had from the outset laid less stress upon the loss of American lives and insult to American honour than upon the mistakenness of American policy in allowing naval units to remain in waters where they were exposed to unnecessary risks. The note of the 26th December did not, however, allow the Japanese version of the *Panay* affair to pass entirely unchallenged. It stated that the United States Government relied, in regard to the facts concerning the origin, causes and circumstances of the affair, upon the findings of their naval court of inquiry, a copy of which had been communicated to the Japanese Government, and the note concluded by expressing the earnest hope of the Government of the United States that the steps which the Japanese Government had taken would

prove effective toward preventing any further attacks or unlawful interference by Japanese authorities or forces with American nationals, interests or property in China.

In the *Panay* and *Ladybird* affairs the nature of the attacks, and to a still greater extent the subsequent behaviour of the Japanese authorities on the spot, lent substance to the suspicion of deliberate intention on the part of the junior officers immediately concerned, however remote such intentions may have been from the minds of the governing authorities in Tokyo and even of the Higher Command of the Army and the Navy. But perhaps the most serious feature of all was the evident reluctance of the latter, after each event, to assert authority over the men on the spot. This was shown in the licence given to the local commanders and 'military spokesmen' to

¹ On the 22nd April, 1938, the Japanese Government paid to the United States the sum of \$2,214,007.36, in settlement of the claims for the loss of the *Panay* and of the Standard Oil Company vessels and for the deaths and injuries which resulted.

usurp the function of official apologists and to issue 'explanations' which, in their cool disregard for well-attested facts, were in some cases little short of an insult to the foreign Powers concerned. There were ominous signs of the growth of that new power in the Japanese body politic, the 'young officer' class which had already on several occasions, and notably in the 'military mutiny' of February 1936, shown itself bold enough to challenge constitutional authority, and was now, it would seem, becoming too independent to be kept within common bounds of discipline.

(b) JAPANESE INTERFERENCE WITH THE COMMERCIAL LIFE, MUNICIPAL ADMINISTRATION AND CHINESE GOVERNMENT ORGANS AT SHANGHAI

(1) *Interference in the 'Occupied' Area*

The retreat of the Chinese forces from the Shanghai area on the 8th and 9th November, 1937,¹ left the Japanese Army in occupation not only of the burned and devastated Chinese municipal areas, but also of the larger part of the International Settlement. Out of a total Settlement area of 5,583 acres, the Hongkew and Yangtsepoo districts—which, as has already been mentioned,² composed part of the Japanese sector in the international defence scheme—occupied 3,205 acres; and even when allowance has been made for the western Hongkew area, which lay outside the Japanese zone, this left more than half of the Settlement under Japanese military control. The Settlement Police, who could perhaps hardly be expected to carry on their work under fire, were withdrawn across the Soochow Creek in the early days of the fighting. There remained only some British and Sikh volunteers guarding foreign properties and public utility installations in the north-eastern area, where they performed excellent work under hazardous conditions, together with a certain number of the Japanese members of the police force who volunteered for service behind the Japanese lines. The withdrawal of the police was only temporary and could in no sense be taken as an abdication of the administrative authority of the Municipal Council in the occupied areas, especially as other municipal services—and in particular the fire-brigade—continued to perform their duties, heedless alike of military restrictions and of the menace of shells, bombs and snipers in the area from which the municipal police had been withdrawn. During the period of fighting the Japanese naval and military authorities assumed full control over the area north of the Soochow Creek,

¹ See pp. 219–21, above.

² See p. 213, above.

which the foreign and Chinese residents had of necessity evacuated; there they excluded all Chinese from the zone of hostilities, but granted limited facilities for foreigners to visit their properties and to remove such commodities as they vitally needed.

When hostilities ceased round Shanghai, it was generally expected that the Japanese, in fulfilment of their pledges to respect foreign rights and interests, would allow the return of foreign and Chinese residents and the reopening of industrial and commercial enterprises. The necessity of this, if the International Settlement was to begin to recover from the catastrophe which had been inflicted on it, could be judged from the fact that 60 per cent. of its large-scale industries, and 70 per cent. of the smaller ones, were located in Settlement districts now under Japanese control. The part of the Settlement lying north of the Soochow Creek contained important Japanese industrial and shipping concerns, but it was equally the centre of British and other foreign interests, since almost all the larger foreign manufacturing firms had their factories and godowns in this area. No less important was the fact that Hongkew and Yangtsepoo included the sites of the public utility installations. Among these were the Shanghai Power Company—which, since its purchase from the Municipal Council in 1929, had represented the largest single American holding in Shanghai—and the (British) Shanghai Waterworks Company. Both these plants had had the good fortune to escape damage and were able to continue to operate during the hostilities which raged all round them. The International Settlement had another vital stake in the north-eastern area in the location there of the chief municipal refrigerators and food storage depôts. The isolation of these would have rendered insoluble the problem of feeding the huge population of the Settlement—increased as it thus now was by the hordes of refugees who were finding shelter within its boundaries—if the Municipal Council had not had supplies transported to the south of the Soochow Creek during the first days of the struggle. Finally, the Japanese occupied area was indissolubly linked with the general interests of the International Settlement by the fact that nine-tenths of the Settlement's developed water frontage on the Whangpoo lay north of the Soochow Creek, and that outside that area there was no wharfrage accommodation for vessels of any size in the Settlement proper.¹

The industrial and commercial life of the Settlement had inevitably been paralysed by the outbreak of hostilities; and, in view of the

¹ The British-owned wharves and docks in the area represented a financial investment greater than that of those owned by the Japanese.

importance of the Hongkew and Yangtsepoo areas, little could be done until Chinese labourers were allowed to return to their homes and occupations on the north side of the Creek. This, however, the Japanese declined to permit, on the ground that their forces would be in danger from guerrilla activities if they were to allow the Chinese to return. On the 15th December they did permit foreign residents, together with their Chinese servants, to return to certain portions of the Settlement north of the Creek, but this within such restricted limits as to make the permission almost valueless. Repeated protests, both by the British and the United States Consul-General at Shanghai and by the Ambassadors of the two Powers in Tokyo, procured an announcement by the Japanese on the 27th December that the district north of Soochow Creek would be re-opened for residence and business purposes to foreigners, but that the Chinese inhabitants would still be excluded, while certain portions of Hongkew and Yangtsepoo would remain altogether closed for military reasons. At the same time the Japanese authorities promulgated a list of ten offences punishable by military law. These related to hostile acts, espionage and sabotage, and the penalties were in principle applicable to foreigners as well as to Chinese, although in this connexion the Japanese Consular spokesman at Shanghai undertook that foreign treaty rights, including extraterritorial privileges, would be respected. It was not until February 1938 that the Japanese made any move to permit the resumption of residence by the Chinese inhabitants of the occupied areas of the International Settlement, and even then they proceeded on very cautious and narrow lines. On the 15th February the Earl of Plymouth, speaking in the House of Lords at Westminster, described the situation in the closed areas in the following terms:

These areas are now gradually being re-opened to the general public, but only under very severe restrictions, which are inconvenient in every way and extremely obstructive to business. But His Majesty's Government are doing everything they possibly can by means of representations, both locally and at Tokyo, to have these restrictions removed at the earliest possible moment.

Meanwhile the Japanese themselves had not been idle in the occupied areas of the Settlement. They deliberately ruined several Chinese mills, which had escaped damage in the fighting, by sabotaging the machinery. They also systematically collected, for export to Japan, not merely scrap iron from the debris of ruined buildings, but machinery of all kinds from Chinese-owned properties. Groups of coolies under Japanese direction went from house to house and from factory to factory, stripping them of every kind of metal,

including engines and other machinery in an intact condition, for transportation to Japan. While the loss fell directly on the unfortunate Chinese owners, foreign interests were also affected through the decline in trade that resulted from the crippling effect upon Shanghai as an industrial centre. In at least one instance material belonging to a British plant was removed, though this was afterwards returned as the result of protests. The main purpose underlying these 'tidying-up' operations, as a Japanese spokesman euphemistically termed them, might be presumed to be the elimination of industrial competition on the part of the Chinese in Shanghai.

(2) *Interference in the Rest of the International Settlement*

It was not long before the Japanese made their influence felt in the area south of the Soochow Creek also. General Matsui told foreign correspondents on the 11th November, 1937, that it was extremely difficult to maintain peace and order in Shanghai in co-operation with the foreign Powers, and he intimated that the Japanese would decide, in the light of their experience, whether they would eventually take over the sectors defended by those Powers. On the 17th the Tokyo Foreign Office gave a categorical assurance that Japan had no intention of occupying the Settlement, but this did not prevent General Matsui from giving fresh forecasts of Japanese interference. These forecasts materialized when on the 21st November the Japanese Consul-General demanded that the authorities of both the International Settlement and the French Settlement should take immediate steps to suppress all anti-Japanese activities; remove Chinese Government offices and expel all Chinese central and local Government representatives; prohibit the Chinese censorship of the Press, post and telegraphs; and suppress unauthorized wireless communication. The Japanese authorities reserved the right to take independent action if the compliance were not adequate and effective. The International and the French officials agreed to do all in their power to meet the Japanese demands and to prevent anti-Japanese activities—though this would not be an easy task in a city with a vast Chinese population which had now been augmented by the influx of great numbers of homeless and desperate refugees. In some matters, however, the way was made easier by the spontaneous action of the Chinese themselves. For example, most of the Chinese Government organs in Shanghai were wound up on instructions from Nanking, and Chinese Government officials who were living in the Settlement, either in pursuit of their duties or as refugees, then voluntarily left for Hongkong. On the advice of the Municipal Police

most of the Chinese newspapers closed down. Meanwhile the difficulties of the hard-worked Municipal Police Force were increased by the Japanese military authorities, who insisted upon staging a 'victory march' through the International Settlement in spite of protests from the British and American military commanders at Shanghai and from the Ambassadors of the two Powers in Tokyo. The Japanese parade took place on the 3rd December, 1937, and in the course of it a bomb was thrown at the troops as they marched through the Settlement, with consequent injury to several Japanese soldiers as well as to civilian onlookers. The Chinese who threw the bomb was shot on the spot by a Chinese constable of the Municipal Police Force; notwithstanding this, the Japanese threw a cordon around the area where the outrage had occurred, but they were eventually persuaded to withdraw their troops some hours later. They also served fresh demands upon the Municipal Commissioner of Police, to which, however, the Municipal Council refused to agree. The French authorities declined to allow a similar 'victory parade' through their administrative area. Thereafter a series of Chinese terrorist activities evoked a proclamation by the Municipal Council of the International Settlement on the 1st January, 1938, warning persons committing offences against any armed forces in the Settlement that they would be handed over for punishment to the authorities of the force concerned. Against this proclamation the Chinese Government protested on the ground that it exceeded the legal administrative rights of the Council.

In addition to their pressure upon the International and the French authorities with a view to eradicating hostile Chinese organizations, the Japanese military authorities, despite the absence of a formal state of war, proceeded to step into the shoes of the Chinese Government in various administrative organs at Shanghai. On the 22nd November a Japanese diplomatic spokesman declared that Japan claimed in the two Settlements all the sovereign rights that China had enjoyed in those two areas. He intimated, however, that this claim was made only in principle, and that in practice the Japanese authorities would not interfere with institutions which functioned innocuously from the Japanese standpoint. As in many other instances, however, the relative moderation of Japanese diplomacy was quickly brought to naught by the action of the military leaders. The Government at Tokyo announced that they were prepared to support whatever demands General Matsui might make, although they were ignorant of the precise nature of his intentions, and on the 27th November Prince Konoe was reported to have told Japanese

Press correspondents that Japan might find it necessary to resort to force in the International Settlement. Behind this barrage of threats the Japanese advanced upon their objectives. They took over the Chinese Government Telegraph Office in the Settlement on the 28th November, the Chinese staff preferring to walk out rather than serve under the invader.¹ The Japanese also installed censors in the Chinese Post Office, but intimated that their activities would be confined to scrutinizing Chinese correspondence and that foreign mail would not be interfered with. A Japanese censorship was also imposed upon such Chinese newspapers as were still appearing in the Settlement. The Japanese claim that they were entitled to act in this way as *de facto* conquerors was not overtly challenged by the Powers, although it was questioned by a British Government spokesman in Parliament after the Japanese, on the 6th January, 1938, had installed censors in the three foreign cable offices, the Eastern (British), Great Northern (Danish) and Commercial Pacific (American). The position of the British Government was defined by the Earl of Plymouth on the 15th February in the following terms:

I should remind your Lordships that formerly Chinese censors worked in the offices of these foreign cable companies, and as far as I know we never attempted to question their right of doing so. Some little time ago these Chinese censors, as the situation developed, left, and the Japanese authorities then put in their place a number of Japanese censors. They claimed that they had the right to do that in view of the *de facto* situation that had arisen at Shanghai. As I say, this is the difficulty recurring again and again. Their claim was that the Japanese had, as it were, replaced the Chinese *de facto* in control of the situation in that town. Even if the Japanese rights as military occupants of that part of the country were admitted—and they have not been admitted—His Majesty's Government maintain, and maintain firmly, that they would be entitled to object to such an exercise of the censorship as could not be justified on certain special grounds. The grounds I have mainly in mind are those of military necessity and the maintenance of order and good government in that area.

In November 1937 statements made by the Japanese naval and military authorities appeared to indicate that the Chinese Maritime Customs station at Shanghai, which in normal times had collected about 60 per cent. of the total Customs revenue of China, would be included among the Chinese Government organs over which the Japanese proposed to take control. It appeared that the object was, primarily at least, to prevent the Chinese Government from obtaining possession of the surplus Customs revenue, and that it was not intended

¹ The Chinese wireless administration was similarly impounded by the Japanese on the 5th January, 1938.

that the foreign interests in the revenue and the administration should be ignored. In view, however, of a statement by General Matsui that the Japanese were not compelled to respect Chinese financial obligations, secured on the Customs, to foreign creditors of China, and of other statements of a similar character, it was deemed advisable to leave the Japanese Government in no doubt as to the British Government's claim to be consulted in any arrangements that might be made about the Chinese Customs at Shanghai. Accordingly, after conferring with the Governments of the United States and of France, the British Government sent instructions to their Ambassador at Tokyo which were recapitulated as follows by Mr. Eden, speaking in the House of Commons on the 1st December:

During the course of last week publicity was given to a number of utterances attributed to the Japanese military authorities in Shanghai which appeared to His Majesty's Government to constitute a serious threat to the proper functioning of the Chinese Maritime Customs, and to the service of the foreign loans secured on the Customs revenues. His Majesty's Government accordingly entered into consultation on the subject with the United States and French Governments. His Majesty's Government have reminded the Japanese Government that the Chinese Maritime Customs have at all times been an international interest, and that they expect to be fully consulted in regard to any arrangement which may be reached for the carrying on of the Customs service during the present hostilities. Similar representations have been made by the United States and French Governments. Discussions on the subject are still proceeding.¹

By the end of the year 1937 no agreement had been reached on this highly important issue.

¹ *Hansard (House of Commons)*, vol. 329, p. 2048.

PART IV

EUROPE

(i) Relations between the Four European Great Powers

DURING the year 1937, the political intercourse between the four European Great Powers was many-sided, active, uneasy and inconclusive. It was carried on in a number of different mediums: through the wireless and the Press, through diplomatic correspondence, through personal letters between statesmen, and through the comings and goings of statesmen, philanthropists and journalists. The statesmen-travellers visited officially friendly capitals, with the pomp of Signor Mussolini's dictatorial progress to Berlin in September or with the *empressement* of Monsieur Delbos's more democratic round of visits in December to the capitals of France's European allies on the eastern flank of 'the Berlin-Rome Axis', while the visits to capitals where the visitors were less sure of an officially warm welcome were paid in the studiously off-hand manner of Lord Halifax's journey to Berlin and Berchtesgaden in November. The philanthropists boldly bearded the Dictators in their dens—a Lansbury benevolently rushing in where a Chamberlain still cannily feared to tread. The journalists were expelled and replaced, or recalled and sent back again, according to the changes in the temper of the relations between their respective countries of origin.

The year 1937 saw the gradual and uneventful demise of the negotiations for the conclusion of a Western Pact.¹ In the spring the exchange of notes on the project for a new pact, which had been taking place between the five 'Locarno Powers' at rather long-drawn-out intervals since March 1936, was carried a stage further by the delivery of notes to the British Government from Belgium, Germany and Italy; and on the 24th April one of the most urgent questions at issue—that of the status of Belgium—was dealt with by means of an Anglo-French declaration releasing Belgium from her Locarno obligations. The suggestions for the form which a new Western Pact might take that were put forward by Germany and Italy in their notes of the 12th March were not acceptable to France; but the desirability of continuing the negotiations—if only for the sake of keeping in touch with Germany—was discussed between France, Great Britain and Belgium at international gatherings in May, and it was not until the end of July that the attempt was tacitly abandoned.

¹ See section (ii) of this part of the present volume.

While these already death-stricken negotiations were languishing behind the scenes, an ostensibly more lively piece was being acted on the foreground of the international stage.

On the 13th–23rd January, 1937, General Göring paid the first of his three visits of this year to Italy, where he had two interviews with Signor Mussolini, besides being received by the King and by the Prince of Piedmont. One purpose of the visit may have been to proclaim to the world that ‘the Rome-Berlin Axis’ had not been weakened by the conclusion of the Italo-British ‘gentlemen’s agreement’ of the 2nd January.¹

If such anxieties had been felt in Germany, they were soon shown to have been premature, for Italo-British relations soon grew worse again in consequence of Italian resentment at the strictures in the Press and Parliament of the United Kingdom on the massacre which was reported to have taken place in Addis Ababa in the third week of February; and on the 11th March, 1937, the Ministry of Press and Propaganda at Rome started ‘reprisals’ by launching a broadcast, in many languages, on alleged British atrocities in the Aden Protectorate and on the North-West Frontier of India. In the course of the next fortnight this Italo-British war of words was said to have been the subject of four conversations between Count Ciano and the British Ambassador at Rome, Sir Eric Drummond. On the 23rd March a threatening speech against the British Press was delivered by Signor Mussolini in Rome to a crowd in the Piazza Venezia. And a fresh wave of resentment was set in motion in Italy by the references to that country in a debate in the House of Commons at Westminster on the 25th March. On the 15th April, however, Signor Mussolini gave a friendly reception in Rome to a party of British ex-service men.

Meanwhile, the future course of relations between Great Britain and France was foreshadowed on the 23rd April at a luncheon given at Manchester by the United Associations of Great Britain and France, at which the Socialist-Radical French Minister for Defence, Monsieur Daladier, was the guest of honour. At Rome on the 26th April General Göring, on his second visit of the year to Italy, had interviews with both Count Ciano and Signor Mussolini, in which the war in Spain and the project for a visit by Signor Mussolini to Germany were said to have been among the subjects discussed. On the 3rd–5th May the Foreign Minister of the Reich, following in General Göring’s footsteps, paid a visit to Italy—in return for Count Ciano’s visit to Germany on the 20th–25th October, 1936²—and had

¹ See the *Survey for 1936*, pp. 652 *seqq.*

² See *op. cit.*, pp. 364–5, 581.

interviews with Signor Mussolini, Count Ciano and the King. The political results of Herr von Neurath's visit, if such there were, were veiled behind the smoke screen of a *communiqué*.

At Rome on the 9th May it was announced that, 'owing to the hostile attitude of nearly all the British Press towards Italy and the Italian armed forces', all British newspapers except three¹ had been banned in Italy until further notice, and that all correspondents of Italian newspapers had been recalled from Great Britain. This rupture of Italo-British journalistic relations on the Italian Government's part was timed to prevent the receipt in Italy of news of the coronation festivities in London, in which the Emperor of Abyssinia, among other crowned heads, had been invited to participate. On the 16th May this Press war was the subject of another conversation at Rome between Count Ciano and Sir Eric Drummond, and in the House of Commons at Westminster on the 9th June Mr. Eden stated that there had been two conversations on the subject by then.

There was more geniality in the relations, during May 1937, between Great Britain and Germany.

At Berlin on the 11th May, a new British Ambassador, Sir Neville Henderson, on the occasion of the presentation of his credentials to Herr Hitler, proclaimed his 'firm intention of doing everything in' his 'power to promote the cause of Anglo-German understanding', and his conviction that there was no question between the two countries that could 'not be solved in peaceful co-operation and with mutual good will'. In England within the next few days Field-Marshal von Blomberg, who was the chief German delegate to the coronation of King George VI, had interviews with Mr. Eden, Mr. Baldwin and Mr. Chamberlain in London and inspected British bombing-'planes at Andover. While Field-Marshal von Blomberg was in England, General Göring was paying his third visit of the year to Italy—this time not to Rome but to Venice—and on the 2nd–14th June Field-Marshal von Blomberg, in his turn, paid a visit to Italy to compensate for his preceding visit to a country which, at the moment, was Signor Mussolini's *bête noire*. On the 7th June Signor Mussolini entertained his German visitor with a naval review at Naples in which seventy submarines took part.

Meanwhile, during the last week in May, Dr. Schacht had been in Paris to open the German Pavilion in the Exhibition in that city. In public statements he declared that he had not come to ask for a loan, and hinted at the earnestness of Germany's demand for a restoration of her former colonies.

¹ *The Daily Mail*, *The Evening News*, and *The Observer*.

In Berlin on the 1st June the new British Ambassador, Sir Nevile Henderson, at a dinner given in his honour by the Deutsch-Englische Gesellschaft, enlarged upon the theme which he had broached to Herr Hitler on the 11th May. He deprecated 'the entirely erroneous conception of what the National-Socialist régime really stands for' which was held by 'too many people in England'. If these British critics of the Third Reich had a truer vision they would, said the British Ambassador, 'lay less stress on Nazi dictatorship and much more emphasis on the great experiment which is being tried out in this country'. These critics, he continued, could not see the wood for the trees, whereas in reality German culture, German philosophy and German ideals were among the noblest in the world, and German thoroughness, German industry and German commerce had always been objects of unstinted British admiration. In the course of his speech Sir Nevile Henderson also grasped the nettle of Germany's problem of raw materials.

The most vital problem of Germany to-day is that of raw materials. I do not believe that Germany will find in any country more than in Great Britain greater willingness to do what may be possible to help her in this matter. And where, more than in the City of London, with its long financial experience, has there always been greater readiness shown to help others and to discuss their difficulties?

This speech could not please the Nazis without displeasing the British opponents of Nazidom whom the Ambassador had castigated, and in the House of Commons at Westminster the speech was the subject of parliamentary questions on the 7th and 9th June and the 21st July.

On the 15th June it was stated in Downing Street and the Wilhelmstrasse simultaneously that Herr von Neurath was to visit London on the 23rd. On the 21st, however, it was announced in Berlin that the visit had been postponed because the occurrence of the *Leipzig* incident¹ had made it impossible for the Foreign Minister to absent himself from his post. It was easier to guess that this was not the true reason for the German Government's abrupt change of mind than to divine what the motive was. A clue is perhaps afforded by the fate—which has been touched upon in another context²—of Mr. Lansbury's public statement on an interview which Herr Hitler had granted him on the 19th April. On that occasion prompt steps had been taken on the German side to explain away Mr. Lansbury's authorized declaration that Germany was 'very willing to attend a conference and take part in a united effort to establish economic

¹ See vol. ii, pp. 317-19.

² See p. 32, above.

co-operation and mutual understanding between the nations'. The prospect of 'a general settlement' was at this time a bugbear to the German Government.¹ It may be surmised that they had come to realize that this German bugbear was as dear to the British Government's heart as it was to Mr. Lansbury's; and they may have feared that, if Herr von Neurath did go to London, he might find himself confronted with an awkward choice between committing himself to something which Germany wished to avoid and rejecting something which Great Britain wished to bring to pass. In any case, whatever the reason for the cancellation of his visit may have been, it was evidently taken seriously in Downing Street. On the 19th July, and again on the 24th November, it was stated in the House of Commons at Westminster that a renewal of the invitation was not in contemplation.

At this time, for once in a way, France found greater favour than Great Britain in Berlin; for on the 16th June the Chief of the German General Staff, General Beck, had arrived in Paris 'to see the Exhibition' and had called next day on his French counterpart, General Gamelin. According to rumour, he had brought with him, for General Gamelin's edification, a dossier of documents revealing the relations between the German General Staff and the late Marshal Tukhachevsky.²

Undiscouraged by the success of the Ministry of Propaganda in Berlin in making sure that nothing should come of his interview with Herr Hitler on the 19th April, Mr. Lansbury went to Rome in July and was there received on the 9th, and again on the 12th, by Signor Mussolini, and on the 11th by Count Ciano, and this time the British philanthropist's labour of love was allowed to bear some fruit. On the 12th Mr. Lansbury gave an account of Signor Mussolini's attitude, on questions at issue between Italy and Great Britain, which was remarkably prophetic of the agreement to which the Italian and British Governments were to put their signatures in 1938:

Signor Mussolini affirmed very insistently indeed that Italy had not the slightest intention of interfering with the integrity of Spain and of her colonies, and added that this was the definite fixed policy of the Italian Government. There were no questions in the Mediterranean that should bring Great Britain and Italy into conflict. Signor Mussolini would be only too pleased to sit round a table with British representatives to discuss such questions as are open between the two countries in regard to the Abyssinian question and the problem of recognition, or, I might better put it, the present position in regard to Abyssinia, as well as all other questions connected with British and Italian economic

¹ See p. 30, above.

² See pp. 14-15, above.

relationships. No suggestion was made during the interview that the Abyssinian question would be made a bargaining point before British and Italian delegates could be brought together.

Meanwhile, whether *propter hoc* or merely *post hoc*, Mr. Lansbury's visit to Rome in July 1937 was followed by a perceptible Anglo-Italian *détente*. In Rome on the 20th July it was announced that the Italian official (Stefani) news agency was to reopen its London office as from the 1st August. In London on the 27th July the Italian Ambassador was received by Mr. Chamberlain, who had succeeded Mr. Baldwin as Prime Minister on the 28th May. On the 1st August it was announced in Rome that Mr. Chamberlain had sent a personal message in writing to Signor Mussolini, and on the 2nd August, in London, an autograph reply from Signor Mussolini was handed to Mr. Chamberlain by Count Grandi. The tenor of this correspondence was described as follows by Mr. Chamberlain in the House of Commons on the 3rd November:

At the end of July last the Italian Ambassador brought me a message from Signor Mussolini of a friendly character. I took advantage of the opportunity to send Signor Mussolini a personal letter expressing my regret that relations between Great Britain and Italy were still far from that old feeling of mutual confidence and affection which lasted for so many years. I went on to state my belief that those old feelings could be restored if we could clear away certain misunderstandings and unfounded suspicions, and I declared the readiness of His Majesty's Government at any time to enter upon conversations with that object. I was glad to receive from Signor Mussolini immediately a reply in which he expressed his own sincere wish to restore good relations between our two countries and his agreement with the suggestion that conversations should be entered upon in order to ensure the desired understanding between the two countries.

Meanwhile, the way in which the wind was blowing was indicated in a statement made by Count Ciano on the 3rd August. On this occasion the Italian Minister for Foreign Affairs not only described the exchange of letters between Mr. Chamberlain and Signor Mussolini as marking 'a new phase in the relations between the two countries'; he also went out of his way to pay compliments to Mr. Eden. On the prospects of arriving at an Italo-British understanding his tone was optimistic:

The clarification towards which we must now strive must take into consideration all points of friction and must be all-inclusive in its exploration, so that a complete understanding may be reached. There are no fundamental obstacles or points of difference barring the way to an Anglo-Italian *rapprochement*. Many factors which have been weighing heavily upon relations between the two nations would not have

done so, or could have been easily put aside, if there had existed mutual trust and confidence. To my mind the difficulties in recent months in the way of a mutual understanding have been decidedly psychological, rather than concrete. This is the reality which we must bear in mind when discussing Anglo-Italian relations. It is clear that both on the British and on the Italian side there is now a sincere will to come to an understanding.

In this context, Count Ciano also declared that 'Italo-German friendship would in no way be interfered with by an understanding between Rome and London'.

On the 5th August it became known in Rome that the British Ambassador was shortly going home on leave, and it was inferred that he was to take the opportunity of discussing the prospects of Italo-British negotiations with his principals in Downing Street. On the 6th August it was reported in London that the British Government had in fact approved an Italian proposal that, after his return to Rome in September, Sir Eric Drummond should discuss with Count Ciano the outstanding points of difference between Great Britain and Italy, and that the conversations should be broad in their scope. On the same date it was officially announced in Rome that all British periodicals and newspapers were to be admitted into Italy once more from that date onwards.

A call which the Italian Ambassador in Paris, Signor Cerruti, paid on the French Prime Minister, Monsieur Chautemps, on the 6th August, gave rise to reports that Franco-Italian relations were now, like Anglo-Italian relations, to be made to take a turn for the better. This expectation, however, was not immediately fulfilled.

If a clue to diplomatic mysteries might be looked for in chronological facts, it might be conjectured that the apparently sudden and simultaneous resolve of MM. Chamberlain and Mussolini to bury the hatchet in a murdered Abyssinia's corpse was inspired by misgivings, in the mind of one or both of these statesmen, with regard to the temper and intentions of Herr Hitler. The Chamberlain-Mussolini correspondence had been exchanged within ten days of the cancellation of Herr von Neurath's visit to London; and the termination of the Anglo-Italian press-war on the 6th August was immediately followed by the outbreak of an Anglo-German one.

In this, the first incident occurred on the British side. The Home Office in Whitehall declined to renew the permits of residence of three German journalists who had been working in London, and requested all three to leave the country within a fortnight. This decision was not taken on account of the contents of the despatches which these correspondents had been sending home to their newspapers,

but in the belief that these three German residents in England had been engaged in illicit activities outside their legitimate professional work. One of them, before being posted to London, had already been expelled, on the same ground, from Italy. On the same ground again, the secretary of one of them was likewise asked to leave England. On the 6th August the German Embassy in London was officially informed that the facts made it impossible for the British Government to accede to the Embassy's request for a review of the Home Office's decision. On the 9th August the German *chargé d'affaires* in London called at the Foreign Office to lodge a protest and at the same time to request the Foreign Office to inform *The Times* newspaper of the German Government's desire that the senior correspondent of *The Times* in Berlin, Mr. Norman Ebbutt, should be recalled within the next fortnight because his journalistic work did not meet with the German Government's approval. This German 'reprisal' was announced in the following terms in Berlin on the 10th:

The British Government has been officially requested to use its influence with *The Times* to recall its Berlin correspondent, Mr. Norman Ebbutt, within a fortnight, as otherwise his permit to stay would have to be cancelled. This measure proves to be necessary because Mr. Norman Ebbutt has for years done his reporting only in a spirit hostile to Germany, thus abusing the hospitality granted him.

The official announcement was followed by a mass attack of the German Press against the British scape-goat, and by threats that Mr. Ebbutt's was not the only head that was to fall. These threats could not be taken lightly, considering that seventeen members of the Foreign Press Association of Berlin alone had already been expelled from Germany on the ground on which Mr. Ebbutt's recall was now being demanded. Accordingly, on the 11th August, the Association held an extraordinary general meeting and adopted a resolution taking cognizance, with regret, of the German Government's action against Mr. Ebbutt, and protesting 'on principle against every expulsion of a foreign correspondent, by the Government of any country whatsoever, which is ordered only on the ground of his purely professional activity'. Copies of this resolution were sent to Herr von Neurath, to Dr. Goebbels, and to the International Federation of Journalists in Paris. Mr. Ebbutt left Berlin for London on the 21st August.

Whether it was some apprehension in his own mind, or an awareness of some apprehension in the British Government's mind, with regard to Germany's intentions that moved Signor Mussolini to put out feelers for a reconciliation between Italy and Great Britain at

the end of July and the beginning of August, he felt it advisable to balance his intimation of a decrease in his hostility towards Great Britain by promptly intimating an increase in his friendliness towards Germany. In a speech delivered on the 20th August at Palermo, the head of the Italian state accordingly insisted in a rather truculent tone upon the reality of both the Italian Empire and 'the Rome-Berlin Axis'.

Rome cannot be reached by ignoring or going against Berlin, nor Berlin by ignoring or going against Rome. Between the two régimes there is a solidarity in action.

On the 3rd September it was announced in Berlin that Signor Mussolini was to visit Herr Hitler in Germany in the latter part of that month, and that

the meeting should and will serve to testify anew to the close ideological relationship and unity of the two powerful revolutionary movements which have led to the reshaping of the whole national and political life in both countries.

At Nuremberg on the 7th September an Italian delegation was present at the opening of the annual Nazi *Parteitag*, and took part in an anti-Communist demonstration.

Between this Italo-German fraternization at Nuremberg and Signor Mussolini's visit to Germany there was an unexpected Italo French interlude at Geneva which was perhaps one of the fruits of the success of Mr. Eden's diplomacy at Nyon a few days back,¹ as well as one of the preliminaries to Signor Mussolini's now imminent encounter with Herr Hitler. At Geneva on the 22nd September the French Minister for Foreign Affairs, Monsieur Delbos, received the Italian permanent delegate to the League of Nations, Signor Bova-Scoppa, at the latter's request, and had two interviews with him which were punctuated by a telephonic conversation between the Italian delegate and his principals in Rome.

Apparently Signor Bova-Scoppa's main purpose was to ensure that Italy would be given a share, on equal terms with France and Great Britain, in the 'anti-piracy' naval patrol in the Mediterranean which had been arranged for at Nyon. As is recorded in another place,² the non-inclusion of Italy in the scheme was solely due to Italy's non-co-operation in the Nyon Conference—which she had refused to attend in spite of pressing invitations from the British and French side. Signor Mussolini had presumably calculated that, without him, the Conference would find itself unable to produce any

¹ See vol. ii, pp. 346 *seqq.*

² See *op. cit.*, pp. 345-6, 350-2.

practical results; and now that this expectation had been falsified, he seems to have swung round to the opinion that he would now have to pay—or, at any rate, write out an I O U—for permission to pass through a turn-stile which he had never expected to see set up. The day before the Franco-Italian conversations took place in Geneva it had been agreed that the Italian Government should send representatives to Paris at the end of the month to discuss Italian participation in the Nyon scheme, and Italy's payment for being permitted, after all, to enter the Nyon circle seems to have taken the form of assurances which were given by Signor Bova-Scoppa after his telephonic conversation with Rome in the interval between his two interviews with Monsieur Delbos on the 22nd September. In the second interview Signor Bova-Scoppa was able to announce that his Government would comply with three demands which Monsieur Delbos presented to him: first that Italy should not take control over the Balearic Islands; second, that Italian troops should not remain for an indefinite time in Spain; and, third, that no further Italian reinforcements should be sent there. On the other hand, no progress seems to have been made in these conversations towards securing the withdrawal of the foreign troops that were in Spain already.

The conversations were reported to have extended to the general question of the conditions on which Italy might be prepared to resume full co-operation with her fellow states members of the League in the work of 'the Genevan institution'; and two conditions, in particular, were said to have been mentioned by Signor Bova-Scoppa: first, a recognition of Italian sovereignty over Abyssinia, and, second, a recognition of full equality of rights, as between Italy and other Powers, in the Mediterranean and elsewhere.

The tenor of these Franco-Italian conversations was communicated to London, and on the 24th September the British *chargé d'affaires* in Rome was instructed to tell Count Ciano that the British Government were in full agreement with the suggestions that Monsieur Delbos had made to Signor Bova-Scoppa for dealing with the problem of foreign intervention in Spain.¹

On the same day, the 24th September, Signor Mussolini left Rome for Germany. On the 25th he was received at Munich by Herr Hitler. He then went on to watch the German Army manœuvres in Mecklenburg, and to inspect Krupp's works at Essen, and arrived in Berlin on the 27th—the most elaborate precautions being taken all the way, on Italian, Austrian and German soil, for the conspicuous

¹ See vol. ii, p. 358.

traveller's safety. In the *Giornale d'Italia* of the 24th, Signor Gayda had prophesied that no military alliances would be drafted or signed at Munich or Berlin; that the foundations would not be laid 'for any dark plot against the peace of Europe'; and that the conversations would 'end without any new protocol and perhaps even without any special *communiqué*'. These no doubt authentically inspired prophecies were borne out by the event. In the toasts exchanged between the two Dictators at a banquet in Berlin on the 27th, Herr Hitler said:

We believe that the safeguarding of peace and of the most precious flowers of European civilization are not to be attained by the creation of a bloc directed against other European states. We are, on the contrary, convinced that through our common work we serve best not only the interests of our two countries but in addition the objective of a general international understanding, which lies close to our hearts.

And this declaration was echoed by Signor Mussolini in his description of the nature of the Italo-German *entente*:

It is not and does not aspire to be an exclusive bloc distrustfully and fearfully shutting out the rest of the world. Italy and Germany are ready to collaborate with all other nations of good will. What they demand is respect and understanding for their needs, their necessities and their legitimate claims. As the sole condition of their friendship they demand only that no attempt is made to disturb the bases of our glorious European culture.

These comfortable words for the ear of the West-European conservative bourgeoisie¹ were repeated, with some aggressively anti-Communist turns of phrase, in the speeches which the two Dictators delivered on the 28th at a demonstration on the Reich Sports Field. As Herr Hitler put it on this occasion,

The strength of these two states to-day is the strongest guarantee for the preservation of a Europe which still has a sense of its cultural mission, and which is not willing to fall into decay through destructive elements. All you who are here assembled at this hour or who are listening-in throughout the world, must recognize that two autocratic national régimes have become united at a time when the ideals of a democratic Marxist international could only show every demonstration of hatred and disunion.

Signor Mussolini enlarged upon the same theme, and applied it to Spain:

To the whole world, which is anxiously asking what is the result of the meeting in Berlin—will it be war or peace?—we can both answer, the Führer and I, with a loud voice: 'peace'. . . . Not only have Nazism

¹ See also p. 37, above.

and Fascism everywhere the same enemies, who serve the same master—the Third International—but we have many conceptions of living and of historical order in common. . . . This community of ideas in Germany and Italy is found at present in the fight against Bolshevism. Fascism has fought against it in words and with arms because, if words have no effect and circumstances require it, arms must speak.

This is what we have done in Spain, where thousands of Italian Fascist volunteers have fallen for the salvation of European civilization, which can even now have a rebirth if it turns away from the false and lying gods of Geneva and Moscow and approaches the illuminating truths of our revolution.

In the course of this speech, Signor Mussolini also dwelt on another thing, besides their common crusade against 'Bolshevism',¹ which was common to Fascist Italy and Nazi Germany. Both of them, he pointed out, were striving to attain economic *autarkeia*, and in this both of them were applying an identical lesson which had been inculcated by parallel experiences. The economic blockade to which Germany had been subjected in the General War of 1914–18 and the economic sanctions which had been applied to Italy in the Italo-Abyssinian War of 1935–6 had shown that 'without economic independence the political independence of a nation is in doubt', and that 'a nation of great military power may become the victim of an economic blockade'.

Signor Mussolini left Berlin on the 29th September and arrived in Rome again on the 30th. From his balcony overlooking the Piazza Venezia, he told the crowd that the objectives of Italo-German friendship were 'close solidarity between the two revolutions, the renaissance of Europe, and peace *among the peoples worthy of this name*'. In this ominous qualifying phrase, the Italian partner in the Rome-Berlin-Tokyo 'Triangle' was showing himself faithful to the 'Triangle's' tactics² of 'keeping the world guessing' who was to be cast for the unpleasant role of paynim in the coming cantos of the Fascist version of *Gerusalemme Liberata*. It remained to be seen whether it was the Soviet Union or some other state that was to provide the dragon-target for the lances of the trio of Swastika-knights.

Signor Mussolini's visit to Germany in September 1937 was followed up by a flying visit of Herr von Ribbentrop's to Rome—where he had conversations with Signor Mussolini and Count Ciano—on the 22nd–24th October. The Japanese Ambassador from Berlin was reported to have been one of the guests at a dinner party given to Herr von Ribbentrop by Count Ciano on the 23rd; and it may be

¹ See also pp. 37–9, above.

² See pp. 39–40, above.

conjectured that this meeting had some effect upon the line subsequently taken by Italy at the Far Eastern Conference at Brussels on the 3rd–24th November,¹ as well as upon her accession, on the 6th November,² to the German-Japanese Anti-Comintern Pact of the 25th November, 1936. On the 28th October, Signor Mussolini declared that

It is necessary that a great people, like the German people, should recover the place to which it is entitled, and which it used to have, in the African sun.

At the end of October the Italian Press started a campaign against France—professedly in reprisal for French verbal attacks upon Italy. On the 7th November it was reported that the Italian military *attaché* in Paris was to protest to the French Minister for War, Monsieur Daladier, against recent articles on the Italian Army in French newspapers. On the 25th November, 1937, a personal attack was launched by Signor Gayda against the French Minister for Marine, Monsieur Campinchi, on account of expressions alleged to have been used by the Minister in a speech made on the 23rd October on board a French merchantship at Toulon. On the 25th it was announced officially in Paris that no such speech had ever been delivered. This affair was the subject of a conversation at the Quai d'Orsay on the 28th November between the Secretary-General of the French Ministry of Foreign Affairs and the Italian *chargé d'affaires* in Paris.

In November 1937 the principal diplomatic manœuvre in the European arena was a meeting, on German ground, between Herr Hitler and Lord Halifax.

Ever since Mr. Eden's appointment on the 22nd December, 1935, to the Secretaryship of State for Foreign Affairs, Lord Halifax—whose office of Lord President of the Council carried with it a seat in the Cabinet without a department to administer—had been associated with the Foreign Secretary in the discharge of duties which, in this time of crisis, had come to be recognized as being too heavy a burden to be borne unaided by a single pair of shoulders. Mr. Eden himself had been charged, from the 1st January, 1934, onwards, under the successive Foreign Secretaryships of Sir John Simon and Sir Samuel Hoare, with the conduct of business relating to the League of Nations. After Mr. Eden's promotion to the Secretaryship of State itself, the work continued to be shared to some extent between the Foreign Secretary and another member of the Cabinet;

¹ See the present volume, pp. 285–92, above.

² See the present volume, pp. 43–4, above.

but Lord Halifax's relation to Mr. Eden was not, of course, the same as Mr. Eden's previous relation to the new Foreign Secretary's own two predecessors. As Lord Privy Seal and subsequently (from June 1935) as Minister for League of Nations Affairs, Mr. Eden had been a junior Minister with a specific field of work, whereas Lord Halifax was an older, more distinguished and more experienced statesman than the Foreign Secretary to whom he was lending his assistance, and his sphere of action was left formally undefined. During the period of nearly two years which had passed, by the November of 1937, since Mr. Eden's promotion, Lord Halifax had helped him from time to time either by accompanying him on journeys to foreign capitals¹ or by taking his place at the Foreign Office when he was abroad. On the 12th November, 1937, at a moment when Lord Halifax happened to be performing the latter of these two services for Mr. Eden during the Foreign Secretary's absence in Brussels, where he was attending the Far Eastern Conference,² the following announcement was made in the House of Commons at Westminster by Sir John Simon:

The Lord President of the Council recently received an invitation to pay a visit to Berlin for the purpose of seeing the Hunting Exhibition. Lord Halifax has accepted the invitation, and will go to Berlin in the middle of next week. Though his visit will be entirely private and unofficial, Herr Hitler has intimated after inquiry that he would be glad to see the Lord President of the Council during the course of his visit to Germany, and Lord Halifax has accepted the invitation.

On the 14th November Mr. Eden returned to London and at once conferred with Lord Halifax and Mr. Chamberlain. There was a rumour that Lord Halifax's visit had been arranged, not only in Mr. Eden's absence, but also without his knowledge, by senior members of the Cabinet who had gained the new Prime Minister's ear;³ but in Great Britain itself little attention was paid to this rumour at the time. On the one hand it had long been known that there was a certain divergence of view, or at any rate a certain difference of emphasis, as between Mr. Eden and some of his older and perhaps more timorous and conservative-minded colleagues; and on the other hand there was a tendency in Great Britain to minimize this rift in the Downing Street lute just because it was being industriously

¹ For instance to Paris in March 1936 for the first Anglo-French conversation after Germany's military reoccupation of the Rhineland (see the *Survey for 1936*, pp. 282-4).

² See the present volume, Part III, section iv (c).

³ See, for example, a despatch in *The New York Times* of the 15th November, 1937, from that paper's correspondent in London.

and gleefully magnified in Germany. In any case, for whatever reason, the rumour produced no perceptible political excitement or tension in Great Britain; and British opinion on the whole inclined in favour of the visit when it became apparent that the news had not been ill received in France, but was, on the other hand, extremely unwelcome to the radical wing of the National-Socialist Party in Germany. The outburst in the Nazi Press—which only just failed to prevent Lord Halifax's visit to Germany from taking place, as Herr von Neurath had been prevented at the last moment from visiting England five months back¹—has been recorded already in this volume in a different context.² It remains here to state that Lord Halifax duly arrived in Berlin on the morning of the 17th November; was met at the station by the British Ambassador, Sir Nevile Henderson; took luncheon with Herr von Neurath; dutifully visited the International Game Exhibition that afternoon; travelled to Berchtesgaden on the night of the 18th; spent the latter half of the morning of the 19th, including an early luncheon hour, closeted *à quatre* with Herr Hitler, Herr von Neurath, and Herr Hitler's confidential interpreter, Dr. Schmidt; started back for Berlin the same afternoon; spent the afternoon of the 20th with General Göring at his country house and game preserve at Karinhall on the Schorfheide; met a number of German Cabinet Ministers and Nazi notabilities at dinner in the British Embassy that same evening; had tea with Dr. Goebbels on the 21st, and left Berlin that night for London—where he reported the results of his visit to Mr. Eden and to Mr. Chamberlain on the afternoon of the 22nd November, immediately after his arrival, to the King at a meeting of the Privy Council on the 23rd, and to the Cabinet on the 24th.

In Lord Halifax's political career up to date, perhaps his greatest, and certainly his most celebrated, achievement had been his brilliant success, as Viceroy of India, in breaking a dangerous deadlock between the British Raj and the Indian Nationalist Movement by entering at a critical moment, on his own initiative, into personal and private conversations with Mr. Gandhi. In the minds of his countrymen, peers and colleagues, Lord Halifax was regarded at this time with a certain pride and awe, not unmingled with a spice of sceptical amusement, as a characteristically English exponent of some simple but noble virtues who at the same time had the gift of charming the most outlandishly un-English 'wild men' by the unconscious exercise of an intuitive art which was capable of surpassing the Machiavellian triumphs of cleverer and less scrupulous politicians.

¹ See p. 327, above.

² See p. 33, above.

To the average Englishman's eye Mr. Gandhi and Herr Hitler were two hardly distinguishable specimens of the same species of foreigner in virtue of their being, both of them, superlatively exotic; and the average member of a British Cabinet may have reasoned in November 1937 that the guileless tamer of Gandhi had at any rate 'a sporting chance' of taming Hitler likewise. Were not both these political 'mad mullahs' non-smokers, non-drinkers of alcohol, non-eaters of meat, non-riders on horseback,¹ and non-practisers of blood-sports in their cranky private lives? And did not the German Führer, like the Indian Mahatma, have some bee in his bonnet about the importance of being 'Aryan'? Whether, however, when it came to the point, Lord Halifax did succeed in establishing the same sympathetic relations with the Führer as he had once established with the Mahatma was a question which the historian had no means of answering at the time of writing; for the outcome of the Halifax-Hitler conversations of 1937—unlike that of the Irwin-Gandhi conversations of 1931—was kept a closely guarded secret.

At the interview which he gave to British newspaper correspondents in Berlin on the morning of the 21st November, 1937, Lord Halifax

declared quite frankly that he was not at liberty to discuss with them the subject of his conversations with Herr Hitler and other German Ministers. He declared, however, that they had been free, frank, and confidential. . . . He declared that the conversations had opened the door and that he hoped it would not be closed again. He pointed out, however, that it was wrong to assume that conversations of the kind he had been having would lead to a result or a development within a few days. . . . He was not able to disclose whether the conversations had resulted in the discovery of an approximation of German and British standpoints.²

No further light was thrown on the subject by the statement that was made in the House of Commons at Westminster on the 24th November by the Prime Minister. Lord Halifax's conversations with 'prominent leaders in Germany' were, Mr. Chamberlain explained,

of a confidential character, and the House will not, I am sure, expect me to make any further statement in regard to them at this stage. I am

¹ On the eve of Signor Mussolini's visit of the 25th-29th September, 1937, to Germany, the Duce's most splendid charger travelled ahead of his master with a pomp that was only exceeded by the splendour of Signor Mussolini's own subsequent progress. But the cost of the charger's special train was borne to no purpose by Italian and German taxpayers. For on this visit the Duce could only ride if the Führer rode with him; and since Herr Hitler was not a riding man, Signor Mussolini had to keep out of the saddle so long as he was on German ground.

² *The Manchester Guardian*, 22nd November, 1937.

satisfied, however, that the visit has been valuable in furthering the desire, which I believe to be generally felt in both countries, for the establishment of closer mutual understanding.

Lord Halifax's mission to Germany was balanced by an invitation from the British Government to the French Prime Minister and Foreign Minister to come to London. This was announced by Mr. Chamberlain on the same day in the same place, and the visit was duly paid on the 28th-30th of the same month, but the French and British statesmen concerned were as reticent as Herr Hitler and Lord Halifax, and their secrets, if they had any, were well kept in the official *communiqué* which was published on the 1st December, and which was little more than an enumeration of the questions that had come under review.

The French Ministers were reported to have recognized that Lord Halifax's visit to Germany 'had helped to remove causes of international misunderstanding and was well calculated to improve the atmosphere'. The discussion of European problems was said to have produced 'fresh evidence of that community of attitude and outlook which so happily characterizes the relations between France and the United Kingdom'; but the colonial question, which was subjected to a 'preliminary examination', was felt to 'require much more extended study'. The conversations also touched upon Monsieur Delbos's forthcoming visit to Eastern Europe; the situation in Spain and the Mediterranean (in regard to which the two Governments announced their intention of pursuing the policy of non-intervention, which they considered to have been 'fully justified' by its results); and the Far Eastern situation, the gravity of which was 'fully recognized'. In a concluding paragraph the French and British Ministers,

while in no way departing from the previously expressed conception of international collaboration, reaffirmed the desire of their Governments to co-operate with all countries in the common task of promoting international appeasement by methods of free and peaceful negotiation.

Monsieur Delbos's tour in longitudes east of 'the Axis' occupied the greater part of December.¹ The French Minister for Foreign Affairs left Paris on the 2nd December; was called upon in his train in the Schlesischer Bahnhof in Berlin by Herr von Neurath on the morning of the 3rd; arrived at Warsaw on the same day, in Bucarest on the 8th, in Belgrade on the 12th, in Prague on the 15th, and in Paris again on the 19th; and made his report to the Foreign Affairs Committee of the French Chamber on the 24th.

¹ See also pp. 384-5, 409, 412, 448, 463, 479, below.

Monsieur Delbos's purpose in 1937, like Monsieur Barthou's in 1934,¹ was to feel the pulse of France's Central and East European allies; and it was significant that this time, as before, the greatest of them all was not included in the French traveller's itinerary—presumably because the transit from Warsaw to Moscow was as awkward for a French statesman in 1937 as it had been three years back. Monsieur Delbos took as his acid test of the extent to which France could count upon these alliances in case of need the degree of the resoluteness with which each of France's allies was still ready to re-affirm its loyalty to the League of Nations. The difference of attitude between Monsieur Delbos and Colonel Beck on this vital point was revealed by the contrast between their respective speeches at a banquet given in Monsieur Delbos's honour at Warsaw on the 4th December. The Polish statesman spoke of a 'bilateral co-operation' between Poland and France in which either country could 'preserve its own aims and defend its own interests', whereas Monsieur Delbos spoke of 'seeking universal appeasement and serving the cause of peace through the Covenant of the League'. In the Franco-Polish *communiqué* issued on the 7th December at Cracow Colonel Beck's will seemed to have prevailed, since this joint statement was silent on the subject of the League, though vocal on that of the Franco-Polish Treaty of 1921. On the other hand, Monsieur Delbos must have been content with a passage in the speech made by the Rumanian Minister for Foreign Affairs, Monsieur Antonescu, at a dinner given in the French visitor's honour at Bucarest on the 9th December:

We are partisans of collective security, but we consider that this doctrine has one meaning: the security of Western Europe cannot be dissociated from the security of Central and Eastern Europe.

The League was given the same prominence in the Franco-Rumanian *communiqué* issued at Bucarest on the 10th December:

MM. Yvon Delbos and Victor Antonescu were happy to note the perfect community of their views. They recognized that the policies of France and Rumania—inspired by their joint interests and their friendship, guided by the same ideals, reinforced by the strength of the bonds which unite each of the two states to their common allies or friends, and faithfully attached to the principles of the League of Nations—have as their aim the creation between all countries of a loyal collaboration, based on respect for the independence of each, which constitutes the best means of safeguarding peace.

On his visit to Belgrade, Monsieur Delbos was embarrassed by violent popular demonstrations in which the Opposition in Yugoslavia

¹ See the *Survey for 1934*, pp. 347-9.

were perhaps expressing, not so much their enthusiasm for France, as their detestation of their own Government.¹ The target of these demonstrations was the Prime Minister, Monsieur Stojadinović, who had returned to Belgrade from Italy² just in time to give Monsieur Delbos an official welcome upon his arrival in the Yugoslav capital. At a dinner given in Monsieur Delbos's honour at Belgrade on the 12th December, Monsieur Stojadinović followed his Polish counterpart Colonel Beck's example in passing over the League of Nations in silence; but Monsieur Delbos's will prevailed over Monsieur Stojadinović's in the Franco-Yugoslav *communiqué* of the 14th; for it was here proclaimed that

The two Ministers have agreed that it is useful and necessary for the interests of both countries, members of the League of Nations, as well as for the cause of general peace in Europe, to continue their collaboration in the same spirit of friendship and confidence.

The situation which was brought flagrantly to light in Jugoslavia by the French Foreign Minister's visit was in existence, beneath the surface, in Poland and in Rumania likewise. In all three countries there was at this time a certain discord between governmental policy and popular feeling. The government was mainly in the hands of a numerically small and recently risen local 'Aryan' bourgeoisie which was not very sure of its position and which was therefore inclined to be rather nervously anti-Semitic and anti-Communist. This parvenu ruling element in these successor states was attracted, on considerations of both domestic and foreign policy, by certain suggestions that were being put abroad by the diplomacy and propaganda of Rome and Berlin. From these interested quarters it was being represented that an alliance with France now in practice committed France's ally to an alliance with the Soviet Union as well, and that, in the event of war breaking out and treaty obligations taking effect, this might—at any rate for Poland and Rumania—entail the prohibitive dual penalty of becoming a Russo-German battlefield and falling at the same time into the throes of an upheaval of the malcontent masses.³ How much more profitable (on this Italo-German argument) it would be for the existing régimes in these awkwardly situated successor states to extricate themselves from their compromising commitments to a France who had turned half 'Red' since the time when the post-war treaties had been negotiated. The rewards of such statesmanlike prudence at Warsaw, Bucarest, and Belgrade promised (on Italo-German showing) to be

¹ See section (vii) of this part of the present volume.

² See below, pp. 478-9.

³ See below, pp. 405-6.

as great as the penalties that were threatened by the opposite policy of stolidly sticking in the Franco-Russian mud. A timely aloofness might, in the event of a general war, spell for these precariously situated states the whole difference between belligerency and neutrality; and a victory of 'the Axis' would be likely to induce, all over Europe, a political and social climate which would ensure for a long future, not only in Germany and Italy, but also in the successor states to the east of them, the continuance in power of authoritarian régimes. Such considerations incensed the Opposition in Poland, Rumania and Jugoslavia in the measure in which they appealed to the rulers of the day; and, at the time of Monsieur Delbos's visit to longitudes east of 'the Axis' in December 1937, it was impossible to forecast whether, if it came to a crisis, the policy of these three allies of France would be determined by an unpopular minority in office or by a majority that was not at present in power. The difficulties which this equivocal situation created for French statesmanship in Poland, Rumania and Jugoslavia did not confront Monsieur Delbos in Czechoslovakia, where the social and political circumstances were not the same.

In Czechoslovakia—or at any rate in its ex-Austrian provinces—the social conditions were much more like those in the western than like those in the eastern half of the continent near whose heart Czechoslovakia lay. The Czech bourgeoisie was numerically strong and culturally mature, and it was not insulated by any yawning social gulf from the well-educated and alert-minded Czech industrial working class and peasantry. Thanks to this healthier social structure, the Czech nation was not divided—as were the Polish, Rumanian and Jugoslav peoples—into a minority precariously in power and a deeply alienated majority gnashing its teeth in outer darkness. The differences of outlook and policy between the several political parties among the Czechs were, like party differences in France or Great Britain, not so wide as to make it impossible to form a united national front on issues of vital national importance. And an issue of this imperative kind did confront the Czechs—more menacingly than it confronted either the Poles or the Rumanians or the Jugoslavs—at the time of Monsieur Delbos's visit. The gulf in Czechoslovakia yawned between the Czechs, or Czechs-and-Slovaks, as a whole and the several non-Czechoslovak minorities; and this minorities problem was more serious here than in any of the other three successor states in question; for while in the aggregate the minoritarian element in the population was not relatively larger in Czechoslovakia than in Poland, the bulk of the Polish minorities

consisted of backward, helpless, and unchampioned White Russians and Ukrainians, and the still formidable German minority in Poland was temporarily more or less neutralized thanks to the Polish-German Pact of 1934,¹ whereas the three times as numerous German minority in Czechoslovakia was now the focus of Dr. Goebbels's most intensive irredentist propaganda, and the Magyar and Polish minorities in Czechoslovakia were only less strongly supported by Hungary and Poland respectively.

Hence in Prague Monsieur Delbos had a whole-heartedly enthusiastic welcome from Government and people without any invidious divergences or uncomfortable reservations; and the main topic of discussion between the Czech statesmen and their French visitor was not—if rumour could be believed—the question whether Czechoslovakia would remain true to her alliance with France, or France to hers with Czechoslovakia, if the *casus foederis* were to arise, but the quite different question of what could be done by Czech statesmanship to diminish the likelihood of war by easing the tension, inside the Czechoslovakian frontiers, between the Czechs and Slovaks on the one side and the minorities—above all, the German minority—on the other. The problem of minorities in Czechoslovakia was not referred to in the Franco-Czech *communiqué* of the 17th December; and it may be guessed that Monsieur Delbos neither pressed his Czech colleagues to consent to its being mentioned nor found any need to press them in order to secure an honourable mention of the League of Nations. According to the *communiqué*,

All questions concerning the relations between Czechoslovakia and France were examined, as well as the general European situation. This detailed analysis of the situation, which was carried out in a most frank and cordial spirit, resulted in the establishment of the complete identity of the two Governments' views on all problems, old and new. Guided by certain fundamental and permanent principles, which are at the same time dictated by national conditions and adapted to international events, the policy of the two states remains faithful to these common principles, which have been tested and which do not exclude any possibility of conciliation. This identity of views is manifested in particular in the common attachment of Czechoslovakia and France to the League of Nations. In the same way, the two countries continue to consider that the peace of Europe and the security of nations can be fully and effectively assured only by general collaboration allowing for respect for the rights and duties of each state.

While the political effects of Monsieur Delbos's whole journey were not easy to appraise, the Powers of 'the Rome-Berlin Axis' paid the French traveller's efforts the tribute of discharging a counter-

¹ See below, pp. 387-8.

blast. The news of Italy's formal secession from the League of Nations on the 12th December, which reached Monsieur Delbos at Belgrade, was no doubt intended to be as damping to him as the news of Italy's accession on the 6th November, 1937, to the Anti-Comintern Pact¹ had been intended to be to the participants in the Far Eastern Conference at Brussels.

While Monsieur Delbos was *en voyage* on his official tour east of 'the Axis', two other French statesmen, neither of whom was at the moment in office, took a hand in the game of international politics. In London on the 7th December Monsieur Reynaud gave a lecture on the international situation to the French Chamber of Commerce. In Berlin on the 13th December Monsieur Flandin, on his journey home to France from Denmark, where he had been giving a lecture, had an interview with Dr. Goebbels.

The last days of the year 1937 were marked by further intimations in Italy of a diminution of hostility towards Great Britain. This was a remarkable portent: for, since the momentary *détente* at the end of July and the beginning of August, Italo-British relations had been subjected to the strain of the rebuff which, on British initiative, had been administered in September to Italy at Nyon.² At Nyon in that month, as at Geneva in the autumn of 1935,³ Mr. Eden had swiftly and effectively mobilized states members of the League of Nations for taking concerted action which Italy deeply disliked but proved unable to obstruct. The lesson of Nyon seemed to be that a resolute application of superior power in the service of international law and order was the sovereign means of bringing Signor Mussolini to reason. For Signor Bova-Scoppa's approach to Monsieur Delbos⁴ had its counterpart in subsequent Italian approaches to Mr. Chamberlain. A fresh overture to the British from the Italian Government was made in a *communiqué*, published in Rome on the 10th November, in which Signor Mussolini's anxiety to improve his relations with Great Britain was thinly veiled under some discourteous phrases:

Roman quarters detect a coherent and logical line in the political manifestations of the British Prime Minister, but it is thought that there should be no delay in opening conversations and reaching conclusions 'through diplomatic channels. This is the method which has always been preferred by the Fascist Government. Otherwise it might be thought that all this is being done to spin out matters by doses of chloroform. If this were so it would be a mistaken calculation, for no one is going to allow himself to be chloroformed or taken by surprise.

¹ See pp. 43-4, above.

² See vol. ii, pp. 346 *seqq.*

³ See the *Survey for 1935*, vol. ii, sections (v) and (vi).

⁴ See pp. 332-3, above.

On the 11th November the British Ambassador—now back at his post under the name of Lord Perth instead of that of Sir Eric Drummond—had an interview with Count Ciano at the latter's invitation.

In the Italian Press, the official policy of showing less unfriendliness towards Great Britain now began to take the form of a pointed discrimination between Mr. Eden and Mr. Chamberlain. In Italy, Mr. Chamberlain's speeches of the 21st October in the House of Commons, of the 9th November at the Guildhall, of the 12th November at Edinburgh, and of the 21st December in the House of Commons again, were all given 'a good Press' (with certain reservations in regard to the Guildhall speech). At the same time, the last of these four speeches of Mr. Chamberlain's was utilized in the Italian Press in order to show up the outrageousness of Mr. Eden's remark in the House of Commons on the 20th December that the Italian propaganda in the Near East was an obstacle to the resumption of conversations between the British and Italian Governments.

In reporting this Italian Press manœuvre in a dispatch of the 22nd December which was published on the 23rd, the Rome correspondent of *The Daily Telegraph* observed that

All the newspapers in Italy cling to the delusion that the Foreign Secretary's policy is something apart from that of the rest of the British Cabinet, and that the Prime Minister disapproves of it.

At the time, this Italian contention must have seemed as fantastic to most readers of this dispatch in Great Britain as it was confidently assumed to be by the British observer in Rome who wrote the words just quoted.

(ii) The Status of Belgium

The change in Belgian foreign policy which took place during the year 1936, as a sequel to Germany's military reoccupation of the Rhineland, has been described in the preceding volume of this series,¹ where some account has been given of the circumstances in which King Leopold III made a declaration to his Cabinet on the 14th October, 1936, explaining the need for a 'purely Belgian' policy, and of the reactions to the King's speech in other countries. By the beginning of the year 1937 the implications of the new policy and the motives which had led the Belgian Government to adopt it were better understood abroad than they had been in October 1936; and while the request of Belgium to be relieved of her obligations as a

¹ *The Survey for 1936*, Part III, section (i) (j).

guarantor under the Locarno Treaty (which had been confirmed by the Anglo-Franco-Belgian arrangement reached in London on the 19th March, 1936, and the subsequent exchange of notes)¹ had not yet been granted at the turn of the years 1936 and 1937, both the French and the British Government had shown themselves ready to give sympathetic consideration to the Belgian case and had made the friendly gesture of voluntarily renewing, by unilateral declarations, their own promises to come to the help of Belgium if she should be the victim of aggression.²

There could of course be nothing but sympathy for the desire of Belgium, whose Foreign Minister could justly claim that it was at once 'her misfortune and her greatness' to have been the battlefield of Europe for centuries past,³ to ensure so far as she possibly could that history should not repeat itself once again under the appalling conditions of modern warfare; and, in view of the failure of the League of Nations to protect Abyssinia from Italian aggression, the Belgian Government could hardly be blamed if they had lost a good deal of their faith in collective security and had come to believe that their country's best hope of safety in the immediate future lay in a combination of freedom from provocative alliances with a strengthening of the national defences.

In the course of the diplomatic exchanges which took place between Belgium, France and Great Britain during the weeks that followed King Leopold's declaration of the 14th October, 1936, it was on the second aspect of the new policy—the building up of Belgium's armed strength to a point at which she could expect to ward off any attack upon her territory—that the Belgian Government laid most stress, in the hope of convincing the other Governments concerned that this contribution towards the general security would be an adequate return for the guarantee of Belgian independence and integrity which those Governments were being invited to maintain. The principal obstacle which stood in the way of the acceptance of this view was of a semi-technical nature. The French General Staff had been accustomed since 1918 to base their calcula-

¹ *Op. cit.*, pp. 289-94, 326-7.

² *Op. cit.*, pp. 367-9.

³ 'Depuis des siècles, c'est son malheur et sa grandeur, elle est un champ de bataille pour l'Europe, une voie d'invasion pour tous les conquérants'—Monsieur Spaak in the Chamber of Deputies at Brussels on the 29th April, 1937. Monsieur Spaak went on to define as follows the part which he believed that his country was now called upon to play in Europe: 'Son rôle, celui qui lui a été confié et qu'elle doit remplir, c'est de boucher de tous les côtés, dans tous les sens, la voie d'invasion. C'est de hérissier le champ de bataille de l'Europe de tant d'obstacles et de tant de difficultés que même les plus hardis s'en découragent.'

tions on the assumption that the territory of Belgium and of France could be considered virtually as a single unit for strategical purposes, and they were naturally reluctant to contemplate the revision of their plans which a termination of the 'post-war' relationship between France and Belgium might demand; they therefore put forward the argument that it would be difficult to implement the French guarantee to defend Belgian territory against aggression unless plans for meeting an attack had been worked out in advance and kept up to date by the military experts of the two countries in co-operation. Both Belgium and Great Britain had agreed, under a certain amount of pressure from France, to take part in General Staff conversations in April 1936,¹ but public opinion in both countries had been decidedly critical of this proceeding; and in Belgium the idea of the maintenance of regular contact between the Belgian and French General Staffs was so unpopular, particularly with the Flemish section of the population, that manifestly the Government could propose it only at the risk of sacrificing that national unity of outlook on foreign policy which the publication of King Leopold's declaration had in the main achieved.

An even more serious difficulty was the question of Belgium's future relations with the League of Nations and her attitude towards the fulfilment of her obligations under the Covenant. The Belgian Government had emphatically disclaimed any desire to return to Belgium's pre-war status of neutrality or to occupy a special position like that of Switzerland within the framework of the League; but their repeated protestations that they had every intention of continuing to carry out their duties as a Member of the League did not dispel suspicions that the manner in which they conceived of their duties might differ radically from the conception of those duties which was held in France, especially in regard to certain obligations imposed by Article 16 of the Covenant. In July 1936, after the decision had been taken to abandon the sanctions which had been put into force against Italy, the 'ex-neutral' group of members of the League had issued a declaration reserving their attitude in regard to any future application of the sanctions provisions of Article 16 until steps had been taken to carry out other provisions of the Covenant—notably those regarding disarmament—which had remained a dead letter; and in the movement for the reform of the Covenant which was given impetus by the break-down of the attempt to restrain Italian aggression it was the provisions of Article 16 which were most clearly marked out for revision. The machinery for reforming the Covenant had, however, hardly begun to revolve by the turn

¹ *Op. cit.*, pp. 326-7.

of the years 1936 and 1937, and pending a general settlement of the questions raised it was perhaps only to be expected that individual members of the League should claim for themselves a certain latitude in the interpretation of their obligations under Article 16. It was not the Belgian attitude towards economic sanctions which aroused concern in French minds after King Leopold's declaration, but the interpretation which the Government in Brussels might be expected to give to the last sentence of paragraph 3 of Article 16. Would the Belgian Government still consider themselves bound to 'take the necessary steps to afford passage through their territory to the forces of any Members of the League which' were 'co-operating to protect the Covenants of the League'?

In the international situation which had been created by the re-entry of German troops into the demilitarized zone of the Rhineland on the 7th March, 1936, it was generally recognized that there was little danger that war would break out in Western Europe as the result of a direct attack by Germany upon another West-European state. If France were to become involved in hostilities with Germany it would almost certainly be on account of some action by Germany in Eastern Europe in which France would be concerned by virtue of one or more of her treaties with Russia, Poland and the states members of the Little Entente. The reoccupation and subsequent refortification of the Rhineland by Germany would, however, make it difficult if not impossible for France to intervene on behalf of an East-European ally by marching troops into Germany without crossing the territory of a third state. The attitude of Belgium (and also that of Holland)¹ towards the provisions of the last sentence of paragraph 3 of Article 16 of the Covenant was thus a matter of the highest importance to the two Great Powers whose territory marched with that of one or both of these two small states.

¹ The interpretation which the Netherlands Government placed upon this part of Article 16 was made known at the end of March 1937. Speaking in the Lower House of the Dutch Parliament, the Foreign Minister, Jonkheer de Graeff, remarked that, in the Government's opinion, it would hardly be in harmony with the spirit of the Covenant for the right of passage to be insisted on in cases where it would inevitably involve the state concerned in hostilities, and that they considered, therefore, that the right of passage ought not to be demanded from a state which was a neighbour of the aggressor against whom the foreign troops in question were marching. The Netherlands Government were in fact serving notice that they would not in any circumstance permit foreign troops to pass through Dutch territory *en route* for Germany. Jonkheer de Graeff made his statement just at the moment when the French and British Governments were making up their minds to release Belgium from her Locarno obligations, and, in the light of the Dutch attitude towards Article 16, the attitude of Belgium became a matter of even greater importance.

From the point of view of Germany the ideal settlement would be one which assimilated the status of both Belgium and the Netherlands to that of Switzerland.¹ If these two small neighbours of Germany were to proclaim their neutrality on the same terms as Switzerland, the Government of the Third Reich would have achieved what appeared to foreign observers to be one of the principal objects of their policy; they would virtually have completed the separation of Eastern and Western Europe which the reoccupation of the Rhineland had begun. From the point of view of France (and still more from the point of view of France's East-European allies) it was of vital importance that the French Government should not have to choose, in the event of action by Germany in Eastern Europe which would constitute a *casus foederis*, between the alternatives of failing to implement their treaty obligations and of incurring some degree of the odium which Germany had brought on herself by her violation of Belgian neutrality in 1914.

It will be seen that Belgium was faced with a responsibility from which any small state might well shrink. By reason of her geographical position it could be said of her with even greater truth than it could be said of other small European states that her only real hope of ensuring a peaceful future had lain in the effective operation of the system of collective security; and now that she had decided that she must map out an independent course for herself, there was no course open to her that was not exposed to a considerable degree of peril. In this matter of permitting the passage of foreign troops through her territory she had merely a choice between two evils. If she were to give France an assurance that in the event, say, of a German attack upon Czechoslovakia French troops going to the assistance of France's ally would be allowed to pass through Belgian territory in accordance with Article 16 of the Covenant,² she would

¹ Switzerland's permanent neutrality had been confirmed by Article 435 of the Treaty of Versailles, and she had been allowed, at the time of her admission to membership of the League, to contract out of the obligation imposed upon members by Article 16 to take part in warlike operations and allow the passage of troops through their territory.

In February 1937, when a former member of the Swiss Federal Council, Monsieur Schulthess, was on a visit to Germany, he was received by Herr Hitler, who informed him that in his opinion the neutrality of Switzerland was a European necessity. Herr Hitler explained that he had made no mention of Switzerland in his speech of the 30th January, because her neutral status was an established fact which was not open to question; but he gave Monsieur Schulthess a categorical assurance that Germany would in all circumstances respect Swiss neutrality and integrity, and he asked him to convey this assurance to the Government at Berne.

² The Franco-Czechoslovak treaty of mutual guarantee of the 1st Decem-

make it virtually certain that the contingency which she was most anxious to avoid would come to pass and that fighting between the French and German forces would take place on Belgian soil. On the other hand, if the Belgian Government failed to give France this assurance, or, *a fortiori*, if they stated definitely that they would not permit the passage of foreign troops in such circumstances, they would be contributing substantially towards the freeing of Germany's hands for action in Eastern Europe, and making it more likely that Germany would be able to establish her hegemony over the whole of Central and South-Eastern Europe—thus, perhaps, on a long view, increasing the danger of an ultimate clash between a Greater Germany and the Great Powers of Western Europe in which Belgium herself could certainly not expect to escape unscathed.

At the beginning of 1937 the questions of the maintenance of contact between General Staffs and of Belgium's obligations as a member of the League of Nations had not yet been settled, and negotiations for the release of Belgium from her guarantee to France and Great Britain were delayed pending the outcome of the attempt, which had been initiated shortly after the events of the 7th March, 1936, to conclude a new Western Pact to take the place of the Locarno Treaty. In the conversations which followed King Leopold's declaration, the Belgian Government had indicated that it was their desire that the new Western Pact should contain provisions defining the status of Belgium as a guaranteed, but not a guarantor, state, and they had not asked that the change should be made in advance of a general settlement. It was clear, however, that the Government in Brussels were not prepared to agree to the indefinite postponement of a decision on the question of Belgium's status, and that they were likely to raise it as a separate issue if they were to become convinced that the conclusion of a new Western Pact was not to be expected within a reasonable time. This situation had, indeed, almost been reached by the turn of the years 1936 and 1937. An exchange of notes on the subject of the projected pact had taken place, on

ber, 1925, had been concluded 'within the framework of the Covenant' and had specifically stated that the immediate aid and assistance which the signatories undertook to give one another in the event of unprovoked aggression would be 'in application of Article 16 of the Covenant'. Similar provisions had been incorporated into the Franco-Polish treaty of 1925 (which was identical with the Franco-Czechoslovak treaty) and into the Franco-Russian treaty of the 2nd May, 1935; but the Franco-Rumanian treaty of 1926 and the Franco-Yugoslav treaty of 1927, though they were likewise concluded 'within the framework of the Covenant', did not provide specifically for the rendering of aid and assistance in the event of aggression, but only for consultation between the signatories.

British initiative, during the autumn of 1936,¹ but the immediate object of the British Government—the assembling of a Five-Power Conference—had not been achieved, and a memorandum which had been circulated on the 19th November, 1936, setting out the results of the negotiations to that date and the British Government's views on the questions at issue, received only one reply (from France on the 19th December) in the course of the next two and a half months. The prospect for the conclusion of a new Western Pact could therefore not be considered favourable when, at the end of January 1937, the German Government gave the situation a new turn by offering a unilateral guarantee of the inviolability of both Belgium and the Netherlands.

This offer was made by Herr Hitler in the course of the speech which he delivered before the Reichstag on the 30th January, 1937² (the fourth anniversary of the inauguration of the National-Socialist régime in Germany). The German Government, declared Herr Hitler, had 'assured Belgium and Holland of their readiness to recognize and guarantee these states as untouchable and neutral regions for all time'. Since neither of the two Governments concerned was aware of having received the assurances to which Herr Hitler referred, the first step taken by both was to make inquiries, through diplomatic channels, in regard to the interpretation which was to be placed upon the Führer's words; and these inquiries elicited the explanation that Herr Hitler had had in mind certain passages in the German memorandum which had been despatched to the Locarno Powers on the 7th March, 1936, on the occasion of the military reoccupation of the Rhineland, and in the German Government's note of the 31st March, 1936, containing their proposals for a new West-European settlement.³ In these two documents the German Government had suggested, 'for the purpose of ensuring the sanctity and inviolability of the boundaries in the West', the conclusion of a non-aggression pact of twenty-five years' duration between France, Germany and Belgium, and they had further suggested that the Netherlands might be brought into this treaty system if 'the Netherlands Government should so desire and the other contracting parties consider it appropriate'.⁴ It

¹ See the *Survey for 1936*, pp. 360–6.

² See also the present volume, pp. 30–1, 42, above. The text of the speech will be found in *Documents on International Affairs, 1937*.

³ See the *Survey for 1936*, pp. 263–5 and 320–6. For the full text of the two documents see *Documents on International Affairs, 1936*, pp. 41–5 and 183–92.

⁴ Quoted from the memorandum of the 7th March, 1936. The relevant passage in the note of the 31st March was identical in substance, though the language differed slightly.

would be hard to read into this proposal for a non-aggression agreement the meaning which the German Government now claimed that it had been intended to convey, but the Belgian and Dutch Governments were able to satisfy themselves that Herr Hitler did now mean that he was prepared to guarantee the integrity of their countries on condition that they accepted the status of neutrals, and that he was willing to give this guarantee in the form either of a multilateral pact or of bilateral agreements between Germany and Belgium and Germany and the Netherlands.

After these preliminary diplomatic soundings the Dutch Government lost no time in intimating that the German offer was not acceptable to them. In reply to a question in the Upper House of the Dutch Parliament on the 14th February, 1937, the Foreign Minister, Jonkheer de Graeff, stated that the Netherlands Government had informed the German Government that the inviolability of Dutch territory was regarded as an axiom which could not be discussed with any other Government or made the subject of an international agreement.¹

In Belgium Herr Hitler's offer of a guarantee made a certain impression upon public opinion. It has been mentioned that King Leopold's declaration of the 14th October, 1936, had achieved a considerable measure of success in rallying the various sections of opinion in support of the new policy, but that did not mean that the underlying differences had disappeared altogether. The Flemish-speaking population, among whom had been found the strongest advocates of a termination of the 'post-war' military relations with France, were showing signs of impatience at the lack of progress towards the realization of the aims which the King had outlined, and the members of the 'Rex' Party were losing no opportunity to make trouble for the Government on this score—or, indeed, on any score which offered scope for hostile criticism. To some Flemings the idea of neutrality under a German guarantee might offer certain attractions, but the Flemish community had by no means lost the mistrust of Germany which had been engendered by the events of 1914, and the great majority of them had little more desire than the Walloons for the definite entry of Belgium into the German orbit. As for the Walloons, their traditionally Francophil sentiments might not be strong enough to prevent them from accepting from Germany a guarantee to up-

¹ Jonkheer de Graeff made a supplementary statement on the matter in the Lower House on the 17th March. He declared on that occasion that the German offer was appreciated as a contribution to the security of the Netherlands, but that in view of the impermanence of all treaties it was felt to be inadvisable to make respect for the integrity of the country dependent in any way upon the fulfilment of treaty provisions.

hold the independence of Belgium, but they were determined not to play Germany's game by agreeing to the neutralization of their country, and they were opposed to any suggestion for entering into separate negotiations with Germany before a settlement had been reached with the Western Great Powers. The opposition to the idea of a closer association with Germany was especially strong among the Socialists, who, as professed believers in the principles of collective security, had been almost alone in displaying some uneasiness at the new trend of Belgian foreign policy. In face of the predominantly anti-German trend of opinion, the Government in Brussels decided not to make any public statement on the subject of the German offer, but to approach the Governments of France and Great Britain with an urgent request for an early recognition of the status of independence which Belgium was claiming for herself. On the 12th February, 1937, the Belgian Government referred to this question in their reply to the British Government's note of the 19th November, 1936, on the subject of the Western Pact. This Belgian note appears to have emphasized the importance of some fresh effort to make progress with the negotiation of a new agreement to replace the Treaty of Locarno. On the 2nd March, 1937, during a debate on foreign policy in the House of Commons, Mr. Eden remarked that now that the Spanish conflict, which had been one of the chief complications that had militated against progress in the negotiations for a new Western Pact, seemed 'less likely to spread beyond the borders of Spain',¹ the British Government felt it incumbent upon them 'to make another effort to make progress'. He added that H.M. Government, 'while admitting the difficulties', were 'not prepared to despair yet of the possibility of getting the nations concerned round the table on this issue and achieving some results'. Before Mr. Eden made this statement in the House he had discussed with the German Ambassador the possibility of reopening the negotiations which had been in suspense since November 1936, and the British Ambassadors in Berlin and in Rome had been instructed to make representations to the German and Italian Governments. They were to point out that it was the omission of those Governments to answer the last British note which was delaying the negotiations, and to suggest that, in view of current developments in the Spanish situation, the time had come for them to break their silence. The effect of this plea was consider-

¹ At this stage an agreement had just been reached prohibiting the despatch of 'volunteers' to take part in the Spanish conflict, and it was hoped that a system of control over the execution of the Non-Intervention Agreement would shortly be put into force (see the *Surrey for 1937*, vol. ii, p. 288).

ably reinforced by the evidence of British determination to push on as rapidly as possible with rearmament—a determination to which the passage during February of a Defence Loans Bill authorizing the Government to borrow £400,000,000 for rearmament purposes had borne impressive witness. Early in March it became known that replies to the British note of the 19th November, 1936, were being prepared both in Germany and in Italy, and on the 12th March notes from both Governments were received in London.

In accordance with a practice which had been developed in connexion with the negotiations on Spain, the German and Italian notes had been drawn up in close consultation and were identical in substance though not in form. They were not published in full, but the nature of their contents was made known by authoritative summaries in the German and Italian Press; and from these it appeared that the counter-proposals which the 'Axis' Powers now put forward contained some features which had not been ventilated hitherto, but that the underlying intention of Germany to obtain a free hand for herself in Eastern Europe remained unchanged. In brief, the Italo-German suggestions seem to have been that the independence and integrity of Belgium should be guaranteed by the four European Great Powers, on the condition that she should undertake to remain strictly neutral in the event of any conflict; that France and Germany should conclude an agreement of non-aggression, under the guarantee of Great Britain and Italy; that the two guarantor Powers should not receive reciprocal guarantees; that in the event of a breach of the Franco-German non-aggression agreement the responsibility for deciding which party was the aggressor should rest upon the guarantor Powers and not upon the Council of the League; and that these provisions should be applicable also to the contingency of a Franco-German dispute arising out of events in Eastern Europe.

These proposals were regarded with little favour in London and they had a still worse reception in Paris. Apart from the question of the neutrality of Belgium, the British Government would naturally be reluctant to abandon the only direct advantage which they had derived from the arrangements that had been concluded in March 1936 and return to the status of an unguaranteed guarantor; and they also shared in some degree the French dislike for the suggestion that the responsibility for the determination of the aggressor should rest upon only two Powers, one of whom was the partner of Germany in the Rome-Berlin Axis. It is indeed difficult to believe that there was any serious expectation in Berlin and Rome that France would accept a proposal which would leave her East-European alliances

nominally intact but would in practice give Italy the power to decide whether France was to be able to fulfil her treaty obligations in any given case. The probability is that the notes of the 12th March were primarily intended by their authors to keep the ball rolling—in the hope, perhaps, that the apparent willingness of the 'Fascist' Powers to go on with this diplomatic game might induce the British Government to relax their efforts to catch up with their competitors in the rearmament race. The British Government showed no disposition to respond in that way to the Italo-German gesture; but certain members of the Cabinet (among them Mr. Neville Chamberlain, who was already marked out for succession to the office of Prime Minister, which Mr. Baldwin was expected to relinquish in a few weeks' time) appear to have had considerable faith in the efficacy of negotiations—whether they were likely to lead to concrete results or not—as a means of keeping the temperature of international relations at a safe level; and the inclination in London was therefore to accept the German-Italian proposals as a basis for further discussion. Negotiations for their own sake made less appeal to French minds, and in any case the French Government's attitude to the Italo-German proposals made it clear that the conclusion of a new Western Pact was still not within sight. In these circumstances a persistence in refusing to listen to the Belgian Government's appeal for an early decision on their own case would have been hard to justify, and by the end of March Anglo-Franco-Belgian negotiations were in train for the release of Belgium from her Locarno obligations and the renewal of the Anglo-French guarantee of her independence and integrity.

Preliminary steps which had been taken in Brussels were carried a stage further during a visit from King Leopold of the Belgians to England on the 22nd–25th March. From the first, the new Belgian policy had met with a good deal of sympathy in Great Britain, where the strategical difficulties which loomed so large in French eyes were not regarded as an insuperable obstacle to a settlement on the lines desired by Belgium,¹ and where the Belgian Government's reluctance to give pledges in advance as to their line of action in an emergency

¹ Under modern conditions, Belgium's strategic position was of concern to Great Britain primarily from the point of view of air warfare; and in this connexion it was of less vital importance that British aircraft should be allowed to pass over Belgian territory or be given facilities for landing there than that the Belgian Government should be prepared to give warning to London of the passage over Belgian territory of hostile aircraft *en route* for England. This point was apparently met by an assurance from King Leopold that the passage of any foreign military aircraft over Belgium without permission would be regarded as a violation of Belgian territory and an act of war which would bring the French and British guarantees into play.

was well understood by a Government who themselves always endeavoured to retain their liberty to decide their course in accordance with the merits of any given case. An informal approach to Great Britain in the first place was therefore an obvious move on Belgium's part, and King Leopold, who had strong personal links with a country in which he had received part of his education, may have felt that he was his own best envoy to England. As his visit was private,¹ he was not accompanied by any members of his Cabinet—who, indeed, were much occupied at the time in the campaign for a by-election in Brussels, in which the Prime Minister, Monsieur van Zeeland, was opposing the Rexist leader, Monsieur Degrelle.² It was emphasized that the King, who was a strictly constitutional Monarch, was not in any sense taking the conduct of formal negotiations out of the Government's hands, and that his object was merely to give such information and explanations in the course of informal conversations as might be required finally to convince British Ministers of the expediency of meeting the Belgian request for an early settlement. In this mission King Leopold was successful, and at the close of his visit the British Government were convinced that it would be more valuable to Great Britain, and also to France, to have in Belgium a friendly neighbour who was conscious that her own security was dependent upon the maintenance of peace in Europe than to have a neighbour who was straining against formal bonds which were feared and resented by her people.

¹ He paid a state visit to England later in the year (see p. 367, below).

² Monsieur Degrelle had challenged the Government to a trial of strength early in March by causing a member of his party who was one of the representatives of Brussels in the Chamber of Deputies to resign his seat and then standing himself as the Rexist candidate in the ensuing by-election. Monsieur van Zeeland had accepted the challenge and offered himself as the Government's champion. After an election campaign which aroused great excitement throughout the country and which was also followed with close interest abroad, the vote was taken on the 11th April and resulted in a complete victory for the Government. Monsieur van Zeeland obtained 275,840 votes against Monsieur Degrelle's 69,242. In the election in this constituency in May 1936 the Government parties had polled 240,000 votes and the Flemish Nationalists and Rexist together 73,721 votes. Thus, after a period of eleven months, culminating in a five weeks' election campaign during which the Rexist had used all the resources of propaganda in the endeavour to win new adherents, Monsieur Degrelle had the mortification of seeing an actual increase in the number of votes cast for the Government, and found himself as far removed as ever from fulfilling the prophecy which he had made nearly six months earlier (see the *Survey for 1936*, p. 37) that he would come into power within a few months and remain in power for twenty years. (For the part which was played by the Cardinal-Archbishop of Malines in rallying Catholics in support of the Government and in opposition to the Rexist, see *op. cit.*, p. 27 n.)

After King Leopold's visit to London an exchange of views took place between the French and British Governments, in which the latter seem to have experienced less difficulty than they had anticipated in securing agreement with their view that the time had now come to fall in with Belgium's wish for a release from her obligations as a guarantor. A fortnight after King Leopold's return to his own country it was officially announced in London that Mr. Eden had accepted an invitation to visit the Belgian capital towards the end of April in order to renew personal contact with Belgian Ministers, and at the same time it was made known that it was the intention of the three Governments concerned that the negotiations for the recognition of Belgium's new status should be concluded before the British Foreign Minister's arrival in Brussels. The negotiations proceeded smoothly, and an Anglo-French declaration, the terms of which had been drafted in consultation with the Belgian Government, was formally presented in Brussels on the 24th April.

In their communication the French and British Governments, having expressed sympathy with the Belgian Government's 'desire . . . to have the international rights and obligations of Belgium clarified in certain respects', declared that they had

taken note of the views which the Belgian Government has itself expressed concerning the interests of Belgium, and more particularly:

(1) the determination expressed publicly and on more than one occasion by the Belgian Government: (a) to defend the frontiers of Belgium with all its forces against any aggression or invasion, and to prevent Belgian territory from being used, for purposes of aggression against another State, as a passage or as a base of operations by land, by sea, or in the air; (b) to organize the defence of Belgium in an efficient manner for this purpose:

(2) the renewed assurances of the fidelity of Belgium to the Covenant of the League of Nations and to the obligations which it involves for Members of the League.

The French and British Governments then went on to declare that, taking into account the determination and assurances mentioned above, . . . they consider Belgium to be now released from all obligations towards them resulting from either the Treaty of Locarno or the arrangements drawn up in London on the 19th March, 1936, and that they maintain in respect of Belgium the undertakings of assistance which they entered into towards her under the above-mentioned instruments.

In conclusion, they recorded their agreement that

the release of Belgium from her obligations . . . in no way affects the existing undertakings between the United Kingdom and France.

There was no explicit reference in the declaration to the question

of the passage of troops for the purpose of carrying out the provisions of Article 16 of the Covenant (the passage of troops which Belgium had undertaken to prevent was expressly stated to be 'for purposes of aggression against another state'); but it had been made clear to the Belgian Government in the course of the negotiations that the two guarantors reserved the right to reconsider their attitude and possibly withdraw their guarantee in the event of Belgium's failure to fulfil her promises in respect of the maintenance of her defences and the fulfilment of her obligations as a Member of the League.¹ It was to be presumed that the negotiations had also thrown some light on Belgium's attitude towards the question of General Staff conversations, but that matter also was not touched upon at all in the text of the declaration.

The question of what interpretation the Belgian Government would place upon their obligations under Article 16 of the Covenant in a contingency which called for its application appears to have been discussed again during Mr. Eden's visit to Belgium, which took place immediately after the conclusion of the agreement. He arrived in Brussels on the 25th April and left again on the 27th; and on the day after his return to London he made a statement in the House of Commons on the Anglo-French declaration and its relation to other international undertakings. He was asked

whether Belgium . . . continued to remain bound by the interpretation given to Article 16 of the Covenant of the League of Nations, in Annex F to the Treaty of Locarno, that each state member of the League was bound to co-operate loyally and effectively in support of the Covenant, and in resistance to any act of aggression, to an extent which was compatible with its military situation and took its geographical position into account; and whether staff conversations to facilitate the Franco-British guarantees to Belgium would take place between the three parties.

In reply he declared that 'Belgium's obligations under the Covenant' were 'of course not in any way affected by the Anglo-French note'; that His Majesty's Government had 'no information to show' that the interpretation placed on Article 16 of the League Covenant in Annex F of the Treaty of Locarno had 'been rejected by any member

¹ This was made known in the following passage of Monsieur Spaak's speech to the Chamber on the 29th April (see also p. 360, below):

The declaration of the 24th April is not a treaty in the proper sense of the word: it is a spontaneous act by France and Great Britain. . . . It follows from that that if one day, taking advantage of our freedom, we were to contemplate modifying our policy, it would be perfectly legitimate for France and Great Britain to modify their declaration and consequently to withdraw their guarantee.

of the League'; and that no staff conversations were 'at present contemplated'.

That Belgium's assurances of fidelity to the Covenant were subject to reservations was, however, made clear by the account of the agreement and its implications which was given by the Belgian Foreign Minister in the Chamber of Deputies in Brussels on the 29th April. He defined as follows the attitude of the Government towards the application of Article 16—explaining at the same time that they considered that the interpretation of the text of the Covenant was a matter for the League Assembly, and that it was 'extraordinary and disquieting' that the text 'should be left to the individual interpretation of each member [of the League]'.

So far as the Belgian Government is concerned, there are two essential conditions for the application of the right of passage across our territory: the first is that on no hypothesis can the right of passage be imposed on Belgium without her consent: the second is that such consent is conceivable only if it is a question of carrying out common action. . . . The first condition constitutes the only interpretation compatible with our full sovereignty. . . . The second is laid down in the text itself.¹ . . . I would not go so far as to maintain that common action implies the effective participation of all the members of the League, but it does imply the participation of our neighbours.

On the subject of contact between General Staffs, Monsieur Spaak remarked that the Anglo-French declaration had 'closed what might be called the era of military agreements' and that this was a matter for rejoicing; but he went on to explain that now that military problems had been 'freed from all the superfluous complications' arising out of the Belgian guarantees, and had become purely technical, the Government would be able to solve them in complete independence; they never had consented and never would consent to accept the least restriction upon their liberty in this respect. This passage of Monsieur Spaak's speech was taken to mean that the Belgian Government intended to resist all pressure from Germany to give an undertaking that there would be no more staff conversations with France or Great Britain, and that, while they were also determined not to bind themselves in advance to enter into such conversations, the

¹ i.e. in the French text, by which the right of passage was to be granted to any member of the League, 'qui participe à une action commune'. The English version of the last sentence of paragraph 3 of Article 16, which referred to members of the League 'co-operating to protect the covenants of the League', was not an exact equivalent of the French, and the difference was important; for while two states might 'co-operate', 'action commune' might be taken to imply the participation of a considerable proportion, if not all, of the members of the League. This point was dealt with in the last sentence which is quoted above from Monsieur Spaak's speech.

possibility was not excluded that they would do so, if the military exigencies of the situation appeared to make that course desirable.¹ In fact, the Belgian Government had succeeded in their object of retaining complete freedom to decide for themselves whether or not they should enter into staff conversations and whether or not they should allow the passage of foreign troops across their territory in application of Article 16. At the same time the French and British Governments perhaps felt that they possessed, in the threat of a withdrawal of the Franco-British guarantee, the means of exercising a certain influence over the Belgian Government's decision on these matters.

The visit which Mr. Eden had paid to Brussels on the 25th-27th April had been primarily intended as a demonstration that the British Government's recognition of Belgium's new status did not imply any diminution in the cordiality of Anglo-Belgian relations, and a similar demonstration that Franco-Belgian friendship was unaffected was staged a few weeks later, when Monsieur Delbos visited Brussels on the 20th-21st May. Both the British and the French Foreign Minister were, of course, received by King Leopold and had several conversations with Belgian Ministers in which they reviewed current international developments; and the official *communiqués* which were published at the close of the two series of interviews laid stress—to a greater extent than was demanded by the common form on such occasions—on the complete community of views which had been established and on the spirit of cordiality and confidence which had characterized the discussions. The mission of economic exploration which Monsieur van Zeeland had just undertaken² naturally formed one of the principal subjects of the exchange of views between British and Belgian and French and Belgian statesmen, but both Mr. Eden and Monsieur Delbos also discussed with their hosts the possibility of using the Anglo-French declaration as a stepping-stone which might lead to the conclusion of a general West-European settlement. Between the visits of Mr. Eden and Monsieur Delbos to Brussels, the Coronation of King George VI had assembled representatives of all nations in London, and in the course of the diplomatic conversations

¹ Cf. the following passage from a speech delivered by a former Cabinet Minister, Monsieur Devèze, at a session of the Académie Diplomatique Internationale at the end of June 1937 (as reported in *Le Journal des Nations*, issue of the 27th-28th June, 1937):

‘La Belgique n’entend prendre aucun engagement, ni militaire, ni politique, vis-à-vis de personne. Ce qu’elle entend réserver c’est sa liberté souveraine d’avoir . . . tels contacts d’état-major dont l’opportunité viendrait à lui être commandée par le souci de sa sécurité.’

² See the present volume, Part II, section (i).

which took place 'on the fringe' of the Coronation, Monsieur Delbos had been made aware of the British Government's conviction that it was worth while at any rate to keep up the appearance of continuing the negotiations with Germany and Italy on the project for a Western Pact. The discussions were carried a stage further 'on the fringe' of the meeting of the League Council at Geneva which took place during the last week of May, and at which the terms of the Anglo-French declaration of the 24th April were formally communicated to the Council by MM. Delbos and Eden—both of whom expressed the hope that the declaration would open the way for wider negotiations.¹ One possibility which appears to have been envisaged was that, pending the conclusion of a multilateral pact, there might be a series of bilateral agreements of non-aggression with Belgium as the pivot; but this suggestion seems to have been abandoned (possibly because it would have come too near for French liking to an acceptance of the proposals which the German Government had made on the morrow of their reoccupation of the Rhineland)² in favour of another attempt to make some progress by means of five-Power negotiations on the old basis. Neither the French nor the Belgian Government had as yet put into writing their comments on the Italo-German proposals of the 12th March, 1937,³ and it was now agreed that the Belgian Government should communicate their views on the questions raised to the French Government, who would incorporate the Belgian comments with their own in a note to the British Government. If the British Government found that there was sufficient common ground between the Italo-German and the Franco-Belgian standpoints to justify a further step, they were to take the responsibility of approaching the Governments in Berlin and Rome once more.

A French note on the project for a Western Pact was duly transmitted to London on the 9th June. Its contents were not published, and though it was rumoured that it marked a certain advance in the direction of meeting German and Italian wishes (for instance, by hinting at the possibility that some body other than the League Council—perhaps the Permanent Court of International Justice—

¹ Monsieur Spaak, who also spoke at the session on the 27th May at which the representatives of France and Great Britain made their statements, emphasized the fact that the Anglo-French guarantee was based on the two essential affirmations by the Belgian Government of their intention to provide for the defence of their own frontiers and of their fidelity to the Covenant and to the obligations which it entailed.

² See the *Survey for 1936*, pp. 264-5.

³ See p. 355, above.

might be entrusted with the task of deciding whether and by whom an act of aggression had been committed) the British Government apparently did not find that it offered a suitable basis for further discussions with Germany and Italy. Its reception in London coincided with the settlement of the crisis which had arisen in connexion with the attack on the German battleship *Deutschland* by Spanish Government aeroplanes,¹ but within a few days there was another crisis arising out of another naval incident,² and the atmosphere of tension which this created between France and Great Britain on the one hand and Italy and Germany on the other was obviously highly unfavourable to the resumption of negotiations for a Western Pact. No more was heard of the negotiations until the end of July, when it was announced in the Press that the British Government had recently sent a note to the Governments of France, Belgium, Germany and Italy in which they were believed to have made the suggestion that the five 'Locarno' states should appoint an expert committee to survey the field for negotiations in its technical aspects. In current diplomatic usage the appointment of an expert committee was sometimes adopted as a means of shelving negotiations which appeared to be leading nowhere; but in this case this result seems to have been achieved by tacit agreement without the states concerned being obliged to go to the trouble of nominating their experts. The explanation of this fading out of negotiations on the maintenance of which the British Government, at any rate, had appeared to set considerable store a few months earlier was perhaps to be found in the fact that Mr. Neville Chamberlain, who was now in control of affairs in Downing Street, had come to the conclusion that better results were likely to be obtained by a different method of approach—the method which was exemplified by his exchange of messages with Signor Mussolini at the turn of July and August 1937 and by Lord Halifax's visit to Berlin in the following November.³

It remains to record that, before the end of the year 1937, the Belgian Government had completed the establishment of their new status of independence by obtaining a guarantee from the German Government. Although the Government in Brussels had not made the response which had been hoped for in Berlin to the offer of a guarantee which Herr Hitler had made on the 30th January, 1937,⁴ the Führer's gesture had encouraged a hope in Belgium that it might in time be possible to come to terms with Germany from which the unacceptable condition of a return to neutrality would be excluded.

¹ See vol. ii, pp. 312-16.

² See the present volume, pp. 336-40, above.

³ *Op. cit.*, pp. 317-19.

⁴ See p. 352, above.

In his speech to the Chamber on the 29th April¹ Monsieur Spaak had indeed remarked that the Government were 'well aware that their task would not be really completed until a formula to which Germany could subscribe' had been found; but during the next three months no suitable opportunity for the initiation of an attempt to discover such a formula had presented itself. When at the end of July there appeared to be no further hope of a reanimation of the languishing negotiations for a Western Pact, the anxiety of the Belgian Government to come to an understanding with Berlin became sharper, and after an informal exploration of the ground formal negotiations were opened in mid-September by the presentation of a German draft text. In this draft the German Government appear to have reverted to the proposal which they had made in the previous January, but their renewed offer to guarantee the neutrality of Belgium was not, of course, acceptable in Brussels. The Belgian Government promptly gave a practical demonstration of their fidelity to the League of Nations by standing for election to a vacant non-permanent seat on the Council of the League, and on the 28th September Belgium was elected to the seat by the votes of 47 of the 52 states represented at the Assembly—a result which the Belgian Foreign Minister interpreted as a sign that his country's new policy had won almost universal understanding and support. The negotiations with Germany were continued during the next fortnight and a formula was ultimately found to which both sides were prepared to agree. The essential passage of the unilateral German declaration which was formally communicated to the Belgian Government on the 13th October, 1937, ran as follows:

(1) The German Government have taken official notice of the attitude to which the Belgian Government, on their own authority, have given expression—namely:

- (a) That they propose to follow, in full exercise of their own sovereignty, a policy of independence; and
- (b) That they are resolved to defend the frontiers of Belgium against every attack and every invasion, with all their forces, to prevent the Belgian territory's being used for an attack against any other country, either as a passage-way for military forces or as a base of operations by land, sea, or air, and to this end to organize the defence of Belgium in effective fashion.

(2) The German Government hold that the inviolability and integrity of Belgium are common interests of the Western Powers. They confirm their decision that in no circumstances will they impair this inviolability and integrity, and that they will at all times respect Belgian territory, except, of course, in the event of Belgium's taking part in a military

¹ See p. 360, above.

action directed against Germany in an armed conflict in which Germany is involved.

The German Government, like the British and French Governments, are prepared to give support to Belgium in the event of her being subjected to an attack or an invasion.

If this declaration is compared with the Anglo-French declaration of the 24th April, 1937, it will be seen that there were certain extremely important differences between the two guarantees. The French and British Governments had renewed their promises to assist Belgium in the event of her becoming a victim of aggression on the understanding that she would organize her own defence for the purpose of repelling aggression or invasion and preventing the use of her territory as a base of operations or a passage-way 'for purposes of aggression', and that she would remain faithful to her obligations under the League Covenant. The German declaration omitted to state that it was the use of Belgian territory 'for purposes of aggression' which the Belgian Government pledged themselves to prevent. On the contrary the German Government stipulated expressly that their guarantee of Belgium's inviolability and integrity would be invalidated if Belgium were to take part in 'military action directed against Germany'; and the official commentaries which were published together with the text of the declaration in both Germany and Belgium made it clear that this phrase was intended to cover the passage of foreign troops through Belgian territory.¹ In fact, the Anglo-French and the German declarations were based on contrary expectations: the first on the expectation that Belgium would fulfil her obligations as a member of the League; the second on the expectation that she would refuse to give effect to the last sentence of paragraph 3 of Article 16 in a case in which Germany was the aggressor. As in the previous April, the Belgian Government had not committed themselves to any written undertaking that they would fall in with the wishes of their guarantor in the matter of applying Article 16, and they had retained their freedom to act as they thought fit if circumstances should make it necessary for them to choose between their two guarantees. Whether, in such an event, they would sacrifice the support of France and Great Britain or the support of Germany would no doubt depend on the estimate which the Belgian Government of the day were able to make of the respective strength of Belgium's guarantors. A great apparent preponderance of strength on the German side might counterbalance the instinctive feeling

¹ On the other hand, the action which was to lead to the withdrawal of the German guarantee was defined as 'military' action; and the participation of Belgium in economic sanctions would not come under this description.

(which appears to have been widespread among all sections of Belgian society) that Great Britain was the natural guardian of the independence of Belgium, and therefore her most reliable guarantor, and that it behoved Belgium, for that reason, to take the British side in any European conflict. If a choice between guarantors had to be made, the issue was likely to be influenced and perhaps decided by the political and racial complexion of the Government in office; a Government in which Flemish influence predominated might feel greater hesitation than a predominantly Walloon Government in throwing in their lot with the side which included France. Thus the internal politics of Belgium might one day come to exercise an important influence upon the future of Europe.

All that could be said at the moment was that the German declaration of the 13th October, 1937, appears to have been received by the Belgian public with very much less enthusiasm than had been shown at the time of the Anglo-French declaration of the 24th April, 1937; some organs of the Press, in commenting on the declaration, pointedly recalled the events of 1914 and threw doubt on the wisdom of placing any reliance whatever upon the new German pledge. The general feeling seems to have been, however, that the declaration was an additional and welcome proof that Belgium's new policy was now generally accepted, and that the specific (though conditional) German undertaking to respect Belgium's inviolability had considerable value, if only because a breach of it would win for Belgium the universal sympathy and support which she had received in 1914—and which might be of greater practical assistance than they had been on that earlier occasion now that Belgium's own defences were being strengthened in order to enable her to withstand the first impetus of an attack. The German declaration was discussed in the Senate in Brussels on the 20th October and in the Chamber on the 21st. Monsieur Spaak, in his explanatory statement, laid some stress on the Government's hope that the bilateral arrangement with Germany would eventually be superseded by a new general settlement; and he also declared that the arrangement had brought about no change whatever in the domain of Belgium's obligations as a member of the League—an interpretation which was the reverse of that which was being given to the declaration in Germany, where it was being acclaimed as a proof that Belgium had abandoned the League and entered the German orbit. In the debates in the Belgian Parliament, support for the declaration came from the parties of the Right, including the Flemish Nationalists and the Rexists, while the Socialists and other parties of the Left were sharply critical of it.

Within a fortnight of the presentation of the German note of the 13th October the Belgian Government which had accepted it had resigned office. The Government's fall was brought about by attacks against Monsieur van Zeeland in connexion with a judicial inquiry into the alleged maladministration of the National Bank of Belgium, of which the Prime Minister had formerly been Vice-Governor.¹ Monsieur van Zeeland resigned office on the 25th October in order to be free to answer the charges made against him, and his colleagues retired with him. It was not until the 24th November that a new Government was formed, with Monsieur Janson (a Liberal) as Prime Minister and with Monsieur Spaak back in the office of Foreign Minister; but the prolongation of the Cabinet crisis did not lead to the postponement of a state visit by King Leopold to England, which had been arranged for the 16th–19th November. The King was accompanied this time by Monsieur Spaak, and he and his acting Foreign Minister (the van Zeeland Government were continuing to carry on the administration pending the formation of a new Cabinet) no doubt took the opportunity to discuss with their hosts the effect and implications of the German declaration of the 13th October, as well as other current developments in the international situation.² In his public speeches in England, however, the King dealt mainly with the relatively uncontroversial subject of the prospects for an improvement in economic relations. The declaration of policy of the new Government which was formed a few days after King Leopold's return to his capital was read in Parliament on the 30th November; and in it Monsieur Janson announced his intention of carrying on his predecessor's policy in domestic and foreign affairs. Belgium would continue to follow a policy of independence; but she would remain faithful to the principles of the League Covenant, and would co-operate in all constructive efforts for peace. On the 2nd December the Chamber passed a vote of confidence in the new Government by 129 votes to 32, with 4 abstentions—the minority comprising the Flemish Nationalist, Rexist, and Communist deputies. At the end

¹ The van Zeeland Government's position had been undermined by an even more acute controversy which had arisen in June over an amnesty law. This had been introduced by the Government in order to conciliate Flemish opinion, and it was strongly opposed by ex-Service men because it provided for the restoration of civic rights to men who had been found guilty of political offences during the War of 1914–18. When this crisis was at its height Monsieur van Zeeland was absent from the country in pursuit of the mission of exploring the possibilities of international economic appeasement with which he had been entrusted (see the present volume, pp. 67 *seqq.*, above).

² King Leopold's visit to England coincided in date with Lord Halifax's visit to Germany (see the present volume, pp. 336–40, above).

of the year 1937, therefore, there did not appear to be any immediate prospect of any further change in the Belgian course which might bring her into a more intimate relationship with Germany.¹

(iii) Germany and the Liquidation of the Versailles Treaty

When, in March 1936, Germany violated Article 43 of the Versailles Treaty by marching troops into the Rhineland without evoking any reaction more serious than protests from the other signatories of the treaty,² it was not difficult to foretell that no effectual measures would be taken to prevent her from throwing off, at her own time, the few remaining 'Versailles shackles' upon her freedom. Now that Germany's successful breach of the disarmament clauses of the treaty (which had been completed by the re-establishment of conscription in March 1935)³ had been followed by her re-occupation of the demilitarized zone of the Rhineland, she had in fact achieved—by unilateral action as in these two cases, or by agreement as in the case of the Reparation provisions⁴—her release from nearly all the Versailles restrictions upon her liberty within the frontiers drawn by the treaty;⁵ and almost the only shackles which were still felt to be galling were those which had been imposed by Part XII of the treaty—the part which dealt with international waterways.

The régime which had been established by the Versailles Treaty for the administration of international waterways had not, of course, constituted for Germany a burden in any way comparable to those which had been bound upon her shoulders by the Reparation and military clauses of the treaty, but it had, nevertheless, always been a cause of resentment; and by the spring of 1936 many observers, even in countries which were not altogether sympathetic in their attitude towards Germany's struggle to achieve complete equality of

¹ The unpopularity of Germany with the Belgian public was not decreased by rumours that during Lord Halifax's interview with Herr Hitler the Führer had mentioned the possibility of changes to the advantage of Germany in the administration of the Belgian Congo. Speaking in the Senate on the 2nd December, Monsieur Spaak said that no demand or request had been received for the cession to Germany of part of the Belgian Congo; and he declared that the integrity of the Congo was a fundamental principle of Belgian policy, and that it would be defended by all the means at the Government's disposal.

² See the *Survey for 1936*, Part III, section (i).

³ See the *Survey for 1935*, vol. i, Part I, section (vi) (c).

⁴ For Germany's gradual release from her Reparation obligations see the *Survey for 1924*, pp. 340–99; the *Survey for 1929*, pp. 111–66; the *Survey for 1930*, pp. 495–528; the *Survey for 1932*, pp. 97–116.

⁵ She had also secured the return of the Saar Territory, but this was the result of a plebiscite, for the holding of which the treaty itself had provided (see the *Survey for 1934*, pp. 578–627).

rights, would probably have been prepared to admit that in this case Germany's resentment had some justification. Though Part XII of the Versailles Treaty had its origin in a reasonable desire to ensure the application of the principle that traffic on international rivers should be subject to as few restrictions as possible, and though its provisions were on the whole well calculated to serve this purpose, in the Versailles atmosphere an element of discrimination against Germany had found its way into the text. It was the articles relating to the Rhine (Arts. 354-62) against which Germany felt that she had the strongest grievance; for the Versailles Treaty had reconstituted the Central Commission, for which the Mannheim Convention of 1868 had provided, in such a manner that Germany's representation was, in her view, quite out of proportion to the extent of her interests in the river, and she could always be outvoted by France. Germany and France were each entitled to have four representatives on the Commission, but France in addition was given the chairmanship in perpetuity, and the preponderance of the 'Allies' was further ensured by the provision that three non-riparian states, Great Britain, Italy and Belgium, should, like the smaller riparian states, Switzerland and Holland, each have two representatives on the Commission.¹ In respect of the other international rivers, also, the Germans considered that their influence over the administration was unduly diminished by the representation upon the International Commissions of non-riparian states (including the European Great Powers) as well as of the states through whose territory the rivers ran.² Finally, Articles

¹ The question of voting power on the Rhine Commission was one of the points which were most hotly contested during the discussions on international rivers at the Peace Conference. Swiss and Dutch representatives took an active part in the negotiations, and there were good authorities who considered that the settlement did provide for a fair representation of the various interests concerned. It may be noted, also, that the number of representatives which each country had on the Commission did not determine its voting power in the last resort, since the decisions reached by the Commission could not be put into effect without ratification by the Governments.

² France and Great Britain were represented on the Commissions for the Elbe, the Oder and the Danube—the last by virtue of their membership of the European Commission of the Danube, which had been established by the Treaty of Paris in 1856 to control the mouth of the river and which continued to exist side by side with the International Commission which was responsible for the administration of the river from Ulm to the point where the competence of the European Commission ceased. It was another of Germany's grievances that the Peace Treaty excluded her from membership of the European Commission. Germany, however, was the only state which had two representatives on the International Danube Commission (the French had insisted upon allotting separate seats to the two riparian Länder of the Reich, in the hope that the Reich would break up). Italy was represented on the Commissions for the Danube and the Elbe, but not on that for the Oder. Other non-riparian

380-6 of the treaty had laid down a régime for the Kiel Canal which had restricted Germany's right to control the waterway and had stipulated that it should be 'free and open to the vessels of commerce and of war of all nations at peace with Germany on terms of entire equality'.¹ This particular servitude was one against which German resentment was likely to grow stronger as the progress of the campaign for the achievement of 'Gleichberechtigung' revived the importance of strategical considerations.

Successive German Governments had since the Peace Settlement made repeated attempts to open negotiations for a modification, in Germany's favour, of the régime of international waterways established by the Peace Treaty and by subsequent international instruments which had been drawn up in accordance with the provisions of the treaty;² but these efforts had met with no success before the National Socialists came into power in January 1933. The abolition of international control over German waterways had been expressly stated to be one of the Nazi aims by the Minister for Transport, Freiherr von Reubenach, as early as November 1933; and it was therefore not surprising that during the week following the military reoccupation of the Rhineland on the 7th March, 1936 (by which Germany's equality of rights was officially proclaimed to 'have finally been attained'),³ rumours should have been current to the effect that the Government in Berlin had denounced, or were about to denounce, Part XII of the Versailles Treaty. These rumours, however, were officially contradicted, and for a time it looked as though the German Government really did intend, in respect of the

states represented were Belgium on the Elbe Commission and Sweden and Denmark on the Oder Commission.

¹ In 1921 the German Government had contested the applicability of this article in time of war by preventing the passage through the Canal of a British ship, the *Wimbledon*, carrying munitions to Poland; but on the case being taken before the Permanent Court of International Justice judgment had been given against Germany (see the *Survey for 1920-3*, pp. 233-4).

² The treaty itself had made only provisional arrangements for the administration of the international rivers, but the permanent régime which was established subsequently did not modify the arrangements for representation on the various International Commissions or meet any of Germany's more serious objections to the terms of the treaty. The Barcelona Convention and Statute on the Régime of Navigable Waterways of International Concern of the 20th April, 1921; the definitive Statute of the Danube of the 23rd July, 1921; and the Statute of Navigation of the Elbe of the 22nd February, 1922, have all been dealt with in the *Survey for 1925*, vol. ii, pp. 155-66.

³ German memorandum of the 7th March, 1936, to the Locarno Powers. In his speech of the same day to the Reichstag Herr Hitler also declared: 'After three years I believe that I can regard the struggle for German equality as concluded to-day.'

régime of international waterways, to live up to the promise which Herr Hitler had made on the 21st May, 1935,¹ after his unilateral denunciation of Part V of the Versailles Treaty, that Germany would 'unconditionally respect the articles of the treaty concerning the mutual relations of the nations in other respects, including the territorial provisions', and that 'those revisions' which might 'be rendered necessary in the course of time' would 'be put into effect only by the method of peaceful understanding'.

At the time of the reoccupation of the Rhineland Germany was already engaged in negotiations with France on the subject of the Rhine Statute. The Rhine Commission had never been able to complete the task, which the Versailles Treaty had laid upon it, of revising the Mannheim Convention of 1868;² and the Franco-German negotiations, which had been opened some time earlier on German initiative, had for their object an agreement regarding certain modifications in the existing administrative arrangements which would be acceptable to France and Germany and which those two countries might jointly propose to the International Commission as a *modus vivendi*, to be put into force pending the removal of the obstacles which still stood in the way of the conclusion of a comprehensive Rhine Convention to take the place of the Mannheim Convention. By the 7th March, 1936, a Franco-German agreement on the Rhine was in sight, and it was to the credit of the French Government that they did not break off the negotiations under the influence of Germany's treaty violation. By the third week of April the French and German Governments had agreed upon terms, for submission to the Rhine Commission, which abolished the most onerous of the discriminatory provisions to which Germany had objected. Thus France agreed to abandon the right to the perpetual chairmanship of the Commission, which was to be held thenceforth by each state member of the Commission in turn for one year (Germany, as the state which came first in the French alphabetical list of the states members, would have been the first to benefit from this provision). It was also agreed that in the Commission's official documents and records both the German and the French languages should be used; and although it was arranged that Strasbourg should continue to be the seat of the Commission for the time being, the possibility that a change to a German town might be made at a later stage appears to have been foreshadowed. Another modification to which the German

¹ See the *Survey for 1935*, vol. i, pp. 169-78.

² For the negotiations between 1919 and 1924 see the *Survey for 1925*, vol ii, pp. 160-2.

Government attached importance was the abolition of the judicial competence which the International Commission had hitherto enjoyed, and the provision of a special system of arbitration for the settlement of disputes.

The draft of a *modus vivendi* which had been agreed upon between France and Germany was laid before the International Commission at a meeting which began on the 21st April, 1936, and ended on the 4th May with the formal acceptance of the Franco-German text on behalf of all the states members of the Commission except the Netherlands. (The reason for the withholding of a Dutch signature from the document was the absence of any provision in the new arrangements for extending to Dutch ports a privilege, which was enjoyed by Antwerp, of forwarding goods to Strasbourg without payment of the French *surtaxe d'entrepôt*.) It was not expected that the Netherlands Government would press their objection to the point of making it impossible to put the new arrangement into operation, and it was agreed provisionally that the *modus vivendi* should come into force on the 1st January, 1937.

This agreement of the 4th May, 1936, was warmly welcomed by the German Press, and Herr von Reubenach expressed great satisfaction with it in a speech which he delivered before a Shipping Congress at the end of May. The success of the method of bilateral negotiation between Germany and the other state which was principally interested in the régime of the Rhine had already induced Germany to make a similar approach to Czechoslovakia on the subject of a revision of the Statute of the Elbe. These Czech-German negotiations were successfully concluded in October 1936, and an agreement was prepared for submission to the International Commission of the Elbe at its next meeting in the last week of November. During the summer of 1936, also, negotiations were on foot for a revision of the Statute of the Danube. The position in regard to that river was complicated by the existence of two Commissions; and while Germany was pressing, with British support, for readmission into the European Commission which controlled the lower reaches of the river, and the Soviet Union was also urging her claim to representation on that Commission, Rumania was doing her best to secure the abolition of the European Commission (the existence of which imposed special restrictions upon her and upon Bulgaria) and the extension of the International Commission's jurisdiction to cover the whole length of the river from Ulm to the mouth.¹ In regard to the Danube, there-

¹ In 1926 the Rumanian Government had taken their case against the maintenance of the European Commission to the Permanent Court of In-

fore, Germany had perhaps reason to suppose that it would be some time before a settlement could be reached that would satisfy her claims, while in regard to the Oder, apparently, no formal negotiations had yet begun. The attitude of Poland, however, who made it clear that she was not specially interested in the maintenance of international control over the Oder, and the fact that the bulk of (Czechoslovakia's river-borne traffic was carried down the Elbe and not down the Oder,¹ made it appear probable that the Versailles Treaty régime for that river might before long be abolished by mutual consent and replaced by bilateral arrangements between the riparian states.

In November 1936 not only was a revised Statute for the Elbe on the point of completion, but the Netherlands Government were also known to be on the point of accepting the Rhine *modus vivendi* of the 4th May and thus making it possible for the new arrangements to come into force on the appointed date (the adherence of the Netherlands was in fact notified to the other Governments concerned on the very day on which Germany denounced the agreement). It will be seen that the other Governments concerned had some reason for thinking that Herr Hitler was throwing his weight against a door which was not only unbarred but half open when he launched his new 'Saturday surprise' upon the world on the 14th November, 1936.

On that day the German Government denounced the provisions of the Versailles Treaty relating to German waterways² in a note

ternational Justice, but judgment had been given against them. In 1929 their demands had been partially met by a decision of the League of Nations Committee for Communications and Transit giving Rumania police jurisdiction over the shore of the river and prohibiting other Powers from maintaining patrol boats in Rumanian waters; but the other Powers concerned continued to feel that it would be unsafe to entrust to one state alone—however competent its river engineers might be—the difficult task of keeping the Danube estuary open to traffic; and Rumanian opinion continued to be extremely resentful against what it considered to be an unjustified discrimination. In July 1936 the Rumanian Government launched a new attack upon the European Commission in the form of a statement by the Foreign Minister, Monsieur Titulescu, which was given wide publicity in the international Press; and this step seems to have been followed by a formal demand to the Powers for the abolition of the European Commission.

¹ See also below, p. 376 n.

² The German Government did not state explicitly which portions of Part XII of the treaty they intended to denounce; but from the terms of the note it appeared that the chapters affected were Chapter III of Section II (clauses relating to the Elbe, the Oder, the Niemen, and the Danube = Articles 331–53); Chapter IV of Section II (clauses relating to the Rhine and the Moselle = Articles 354–62); and Section VI (clauses relating to the Kiel Canal = Articles 380–6). It appeared to be the German Government's intention to continue to observe the provisions of Section I (general provisions regarding freedom

which was circulated to each of the other Governments, numbering fifteen in all, who were represented on one or more of the International River Commissions. In this note¹ the German Government complained that the Versailles Treaty provisions regarding international rivers had set up

a one-sided artificial system which operated to the disadvantage of Germany and of the practical requirements of navigation. This system sought to impose upon Germany a permanent international supervision of her waterways by transferring German sovereign rights more or less completely to International Commissions which were subject to the extensive participation of non-riparian states.²

The German Government's endeavours 'to replace this intolerable arrangement by other agreements' had, it was claimed,

been unsuccessful because the other interested Powers could not bring themselves to renounce a system which is fundamentally irreconcilable with German sovereign rights.

The abstention of the Netherlands from adherence to the new agreement regarding the Rhine was referred to as having prevented the attainment of a 'clear situation' in regard to that river. In regard to the Elbe the German Government declared that it had

been found impossible to separate the new administration from its Versailles basis, and, more especially, to put an end to the situation whereby four non-riparian states, with no particular interests in Elbe shipping, still claim to be guarantors of the freedom of navigation of this river.

In regard to the Oder, Germany did 'not even participate' in the International Commission,³ and the French secretary had been

of transit = Articles 321-6); Chapter I of Section II (freedom of navigation = Article 327); and Chapter II of Section II (free zones in ports = Articles 328-30); but presumably they would recognize no obligation to keep all or any of these provisions in force if they should consider it in their interest to abandon them.

¹ The note was published in the German Press on the 15th November, 1936. A translation of the text will be found in *Documents on International Affairs*, 1936, pp. 283-5.

² In regard to this German grievance, it should be noted that the same limitation of sovereignty was accepted in the case of each of the rivers controlled by International Commissions by at least one of the Allied and Associated Powers. They agreed to the presence of non-riparian states on the Commissions in order to ensure that no single riparian state should be in a position to upset the arrangements.

³ This statement was somewhat misleading, for three seats on the Oder Commission had been allotted to Prussia by Article 341 of the Versailles Treaty. The motive for the designation of Prussia instead of the Reich was the same as that which governed the allocation to Germany of two seats on the Danube Commission (see p. 369 n., above).

appointed without Germany's concurrence. As for the Danube, Germany had for ten years been trying to regain her seat on the European Commission, and for the last six months she had 'persistently demanded', without success, the revision of the administration. Finally, the note complained that,

with regard to the Kaiser Wilhelm [Kiel] Canal, the other Powers consider themselves bound to maintain the arbitrary limitation of German sovereign rights which was imposed on Germany at Versailles.

The German Government found themselves

therefore compelled to declare that, for their part, they no longer recognize as binding the provisions of the Versailles Treaty which concern the German waterways, nor the international acts which depend on those provisions.

They gave notice of the termination, as from the 14th November, of the Rhine agreement of the 4th May, 1936, and announced their decision to refrain from signing the proposed convention for the Elbe. With this notification, they explained,

any further German co-operation in the International River Commissions ceases. The powers of the existing German representatives cease to exist.

At the same time it was announced that the German Government had drafted provisions which were in future to govern navigation on the German rivers previously controlled by International Commissions:

Navigation on waterways situated in German territory is open to the ships of all states who are at peace with the German Reich. There will be no discrimination in the treatment of German and foreign ships; and the same is true of the question of shipping dues. The German Government thereby assume that reciprocal treatment will be granted them on the waterways of the other interested countries. The German Government will in addition instruct the German waterways authorities to discuss questions of common interest with the existing authorities of the other riparian states and to conclude agreements on such points, should the occasion arise.

It was by no means clear to the outside world what were the motives of the apparently abrupt change of policy which led the German Government to abandon in favour of unilateral denunciation the method of securing by negotiation a modification of the treaty provisions regarding waterways. There appeared to have been no reason why Germany should have signified her readiness to accept the new provisions regarding the Rhine and the Elbe if she was not perfectly satisfied with them, and it was difficult to imagine what

change in the international position could have made the German Government suddenly decide that it was necessary for them to rid themselves at one blow of restrictions which were already in process of revision in order to meet their wishes. One possible explanation which suggested itself to foreign observers was that, on closer examination of the proposed new Statute for the Elbe, the German Government had come to the conclusion that, if they formally accepted the new arrangements and thus agreed to the maintenance, in a modified form, of the international régime for that river, they would be renouncing the possibility of acquiring a valuable means of bringing pressure to bear upon the Czechoslovak Government. If the administration of the Elbe from the Czechoslovakian frontier to the North Sea was entirely in their own hands, the German Government could threaten to close a channel for trade of which Czechoslovakia had been making increasing use since the year 1929, when the Government in Prague had come to an agreement with the Senate of Hamburg for a 99-year lease of the site for the Czechoslovak Free Zone for which provision had been made in Articles 363 and 364 of the Versailles Treaty.¹ If this interpretation were correct, it might be conjectured that the moment of the German *coup* had been determined by the knowledge that the Dutch Government were about to adhere to the Rhine agreement of the 4th May, 1936; for that adherence would have deprived Germany of her excuse for denouncing the agreement herself, and it would have been more difficult to refuse to accept the new Elbe Statute when the new Rhine Statute was about to come into force. Moreover, if there was any justification for the hypothesis that the German Government's principal object was to secure possession of a weapon for possible use against Czechoslovakia, it might perhaps also be assumed that they were in a mood in which the strategical advantages of exercising undisputed control over the German stretches of the Rhine and over the Kiel Canal would weigh heavily with them; but here again it could hardly be supposed that the authorities in Berlin had only awakened to the importance of these political and strategical considerations between the conclusion

¹ The Versailles Treaty had also given Czechoslovakia the right to a free zone at Stettin, but in this case no arrangements had yet been concluded. The Oder would not, of course, be a possible channel for Czechoslovakian trade if the Elbe were closed, since its lower reaches were also under German control; and the Danube, at the best, offered an extremely roundabout route for the Czechoslovakian exports and imports which now passed through Hamburg. Germany was also in a position, even at this time, to interfere considerably with Czechoslovakian traffic by rail, though it was not until March 1938 that her seizure of Austria gave her command over Czechoslovakia's principal line of communications with the outer world.

of their negotiations with Czechoslovakia over the Elbe and the middle of November 1936.

On the whole, the explanation of the German decision which seemed to foreign observers to fit the facts best was that it was dictated principally by considerations of internal policy; that the domestic situation on the eve of another winter was felt to demand some gesture which would reassure the German people that their sacrifices were making their country strong enough to impose her will upon other nations. It was true that this particular gesture might appear somewhat feeble in comparison with preceding items in the series of demonstrations of the Third Reich's growing strength; but if the German Government did feel impelled to assert themselves at this stage by making a new breach in the Peace Treaty, they had to choose between achieving an inconsiderable result which would almost certainly be accepted without any great demur by the interested states, and attempting to win a more substantial prize at a risk of arousing opposition which might go to the length of resistance by force of arms. As public opinion in other countries was not slow to realize, when the Government of the Third Reich denounced the provisions regarding international waterways, they had come to the end of the list of Articles of the Peace Treaty which could be infringed without any crossing of the frontiers drawn by the treaty; and the real significance of the *coup* of November 1936 was that it appeared to increase the probability that Herr Hitler's pledge of the 21st May, 1935, to respect the territorial provisions of the Peace Treaty would go the way of other pledges in a not-far-distant future.

Despite this underlying uneasiness in regard to the future, the German announcement of the 14th November, 1936, was taken with great calm by the other countries concerned. It was realized, indeed, that if the German Government carried out the undertakings which they gave at the end of their note, the material interests of other countries which used German waterways would suffer very little if at all; and, as Germany had no doubt calculated, states which had previously experienced the much more severe shocks administered by the denunciation of other parts of the Peace Treaty—the destruction of which could not fail to have a profound effect upon the international situation—were not likely to display any great excitement over this relatively trivial breach of the treaty. This fresh illustration of Germany's attitude towards her treaty obligations was naturally deplored, but, in view of the proved inefficacy of protests on earlier occasions, it seemed doubtful whether any useful purpose would be served by addressing formal reproaches to Germany on the subject.

Nevertheless, the French Government did inquire of the other Governments concerned whether they would take part in a joint protest to Berlin,¹ but they received remarkably little encouragement to proceed on these lines. The attitude of the British Government was defined, in studiously moderate language, by Mr. Eden in the House of Commons on the 16th November. It was 'a matter of regret', he said, that 'the German Government should once again have abandoned procedure by negotiation in favour of unilateral action', and these regrets were 'not due to fear that any important British trading interests had been jeopardized by the German Government's decision, but to the fact that action of this character must render more difficult the conduct of international relations'. Italy, the only other Great Power which was a member of the International River Commissions, returned, as was to be expected, a categorical refusal to the French suggestion for a joint protest; and with one exception the smaller states members of the Commissions indicated that they would prefer not to give Germany cause for offence by taking part in a collective *démarche*. One or two of them, however, seem to have expressed a good deal of apprehension in regard to the practical effects of the German act—notably Denmark, *à propos* of the resumption of full German control over the Kiel Canal, and Switzerland, *à propos* of the possibility of future restrictions upon the freedom of navigation on the Rhine which she had enjoyed since the signature of the Mannheim Convention in 1868.²

The only Government which professed willingness to take part in a collective protest was that of Czechoslovakia; and this was not surprising, since Czechoslovakian opinion could hardly fail to share the suspicion that Germany's new hammer-stroke had forged a

¹ The first step which France had taken was to denounce in her turn the *modus vivendi* of the 4th May, 1936, regarding the Rhine, in order to regain her freedom to take such action as might seem necessary.

² Since the provisions of the Mannheim Convention had been confirmed by the Versailles Treaty, Swiss shipping interests had expended considerable sums on the improvement of docks and piers at Basle. From the comments of the Swiss Press it appeared that hardly any previous action by Germany had so greatly stimulated anti-German feeling in Switzerland, and Swiss fears that Germany might use her control of the Rhine in a manner contrary to the interests of her small neighbour were not altogether removed by a formal assurance from the German *chargé d'affaires* that no obstacles would be placed in the way of Swiss traffic. The Swiss Federal Council, however, took the line that as Switzerland was not a signatory of the Versailles Treaty she had no juridical grounds for taking part in a joint protest against an infraction of the treaty, and that the only course which she could follow would be to make the best possible terms for herself by bilateral negotiations with Germany.

weapon whose point was directed against Prague. At the same time, there was no apparent perturbation, much less panic, in Czechoslovakia when the German denunciation of the Versailles Treaty provisions regarding international rivers became known. The calm with which the news was received was perhaps partly accounted for by the fact that the German Minister in Prague, when he handed in his Government's note of the 14th November, gave Monsieur Krofta a formal assurance that Germany intended not only to abide by the provisions of the Barcelona Convention of 1921 dealing with traffic on international waterways but also to continue to respect the rights which Czechoslovakia enjoyed under the Peace Treaty in respect of free zones in German ports. So long as these promises were carried out, Czechoslovakia's interests would not be seriously prejudiced by the disappearance of the Elbe Commission, but the German Government's record was not such as to inspire much confidence in the value of a unilateral guarantee of this kind.

By the end of November any idea of presenting a joint protest in Berlin had been abandoned: but at the beginning of December several Governments—including those of France, Great Britain, Czechoslovakia, Poland¹ and Yugoslavia²—made individual representations to the German Government expressing their regret that Germany should have chosen to act unilaterally at a time when negotiations for a revision of the Peace Treaty régime of the waterways were in progress.

It remains to mention that, according to a report published in the French Press,³ the German Government had before the end of the year remilitarized the Rhine, the Danube, the Elbe and the Oder by the formation of flotillas of gunboats with bases at Mainz, Friedrichshafen, Regensburg, Magdeburg and Stettin; and that on the 16th

¹ The Polish reply, after a formal expression of disapproval of the method chosen by Germany, appears to have concurred in the abolition of the international régime of the Oder and to have expressed a desire to enter into negotiations with Germany at an early date in regard to future arrangements.

² One effect of the German move seems to have been to stimulate the desire of Yugoslavia as well as of Rumania to get rid of the restrictions upon sovereignty which the maintenance of the two Danube Commissions implied. The International Danube Commission as a whole, however, appears to have taken the view that the withdrawal of Germany need not affect the continuance of its activities in respect of the river from the German frontier to the point where its competence ceased. The Statute of the Danube laid it down that a quorum at meetings of the Commission should be eight, and the withdrawal of Germany still left the Commission with nine members.

³ See *L'Œuvre*, issue of the 27th December, 1936. The report added that bases for flotillas had also been established at Marienburg, Tilsit and Königsberg.

January, 1937, the German Naval High Command issued the following regulation:

Warships and naval craft of foreign Powers may pass through the Kaiser Wilhelm Canal only with authorization to be obtained in good time beforehand through diplomatic channels.

At the end of January 1937 Germany's denunciation of the treaty provisions regarding international waterways had a sequel which was somewhat unexpected—at any rate by the world outside Germany. The announcement of the 14th November, 1936, had been generally thought to mark the breaking of the last of the 'Versailles shackles' upon Germany's liberty of action within her own territory; but in the course of the next few weeks it occurred to the authorities in Berlin that, after all, there were one or two links of the chain which had bound Germany since the Versailles Conference that had not yet been battered into scrap-iron—or re-forged into a weapon for German use—by blows of the Nazi hammer. These last reminders of bondage were, it was true, the relics, not of the Peace Treaty itself, but of the arrangements which had been made subsequently to take the place of the Reparation clauses of the treaty; but there was no doubt that their survival did constitute a restriction upon the exercise of full sovereignty by the German Government.

The Dawes Report of the 9th April, 1924,¹ which had governed the relations between Germany and her Reparation creditors from 1924 until 1929, had pledged part of the proceeds of the working of the German railways to the service of the Reparation debt, and had stipulated that the administration of the railways should be taken out of the hands of the Government and entrusted to an independent company under joint foreign and German control. The Dawes Plan had also provided for a reform of the administration of the Reichsbank on lines which would make it as independent as possible of the Government, and for the introduction of a foreign element into the Board of Administration. These provisions had been considerably modified by the Young Plan of 1929,² which had done away with foreign influence over the administration of the railways and of the Bank; but even after the Reparation debt had been finally liquidated at the Lausanne Conference in June–July 1932,³ the arrangements for the administration of the railways and of the Reichsbank as non-Governmental concerns had remained in force. The railways had continued to be managed on commercial lines after the Revolution of January

¹ See the *Survey for 1924*, Part II A, section (v).

² See the *Survey for 1929*, Part I B, section (ii); the *Survey for 1930*, Part VI, section (iii).

³ See the *Survey for 1932*, pp. 108–16.

1933, and although Government influence over the Reichsbank had been restored to some extent by a law of 1933, the Bank still retained some vestiges of independence.

The termination of these arrangements was announced by Herr Hitler in the course of the speech which he delivered before the Reichstag in Berlin on the 30th January, 1937.¹

Four years ago [declared Herr Hitler], when I was entrusted with the Chancellorship and therewith the leadership of the nation, I took upon myself the bitter duty of restoring the honour of a nation which for fifteen years had been forced to live as a pariah among the other nations of the world. The internal order which we created among the German people offered the conditions necessary for reorganizing the army and also made it possible for me to throw off those shackles which we felt to be the deepest disgrace ever branded on a people. To-day I shall bring this whole matter to a close by making the following few declarations:

First: the restoration of Germany's equality of rights was an event that concerned Germany alone. It was not the occasion of taking anything from anybody or causing any suffering to anybody.

Second: I now state here that, in accordance with the restoration of equality of rights, I shall divest the German railways and the Reichsbank of the forms under which they have hitherto functioned and shall place them absolutely under the sovereign control of the Government of the German Reich.

Third: I hereby declare that the section of the Versailles Treaty which deprived our nation of the rights that it shared on an equal footing with other nations and degraded it to the level of an inferior people found its natural liquidation in virtue of the restoration of equality of status.

Fourth: Above all I solemnly withdraw the German signature from that declaration which was extracted under duress from a weak Government, acting against its better judgment—namely, the declaration that Germany was responsible for the war.

If Herr Hitler's formal declaration that 'Gleichberechtigung' had now at last been achieved did not carry much conviction to foreigners who had heard or read earlier statements of the same kind from the same source, this passage of his speech appeared at least to offer no fresh grounds for the apprehensions which had been aroused in the preceding November regarding Germany's probable future attitude towards the sanctity of the territorial provisions of the Peace Treaty. So far as the modification of the régime of the railways and the Reichsbank was concerned, there was little disposition in other countries to quarrel with the German Government's decision to abolish arrangements which no longer served the international purpose for which they had been created. The general tendency, indeed, was to agree with Herr Hitler that the re-establishment of Govern-

¹ See also the present volume, pp. 30-1, 42, 352, above.

ment control over the railways and the Bank was 'an event that concerned Germany alone', and to believe that while this change, like the solemn denunciation of the 'War Guilt' clause, might be important politically, its practical consequences were likely to be negligible.

On closer examination, however, the change in the administration of the railways could be seen to have a practical aspect which might be of considerable interest to other countries. So long as the railways in any country were managed on commercial lines and the making of profits was a consideration of the first importance, there would naturally be less tendency to manipulate freight charges in order to subsidize industries in which the Government were interested, or to build or improve lines whose value was strategic rather than commercial, than there would be in cases where the Government had the final say in the matter; and the re-establishment of Government control over railways (like the abolition of international supervision over rivers) might therefore have a good deal of significance in a country whose whole economy was now being organized in preparation for war. In the case of the Reichsbank, also, it was of great importance from the point of view of war preparations that the Government's control of finance should be undisputed, and by the Law for the Reorganization of the Reichsbank and the Railways, which was passed on the 10th February, 1937, the administration of the Bank was placed under the direct personal authority of the Führer, who would apparently be able to introduce such changes as he thought necessary into the Bank's statute. In regard to the railways, the law of the 10th February does not appear to have introduced any immediate changes in the administration; the former Director-General of the company and his subordinates merely found themselves transformed into state officials overnight.

(iv) Poland and her Neighbours

By C. A. Macartney

The *Survey for 1936*¹ described the general principles which appeared to govern Colonel Beck's conduct of Polish foreign policy in that year. Poland's exposed geographical position between Germany and the U.S.S.R. lost none of its dangers during 1937; nor, it appeared, did any new factor emerge in that year to induce the Polish Foreign Minister to swerve from the line which he had adopted. In essence this consisted of a strong aversion from any general or indirect com-

¹ Part III, section (iii).

mitments, including those arising under the Covenant of the League, and a regulation of Poland's relations with each individual country on strictly bilateral principles—these ranging from marked unfriendliness towards Czechoslovakia through a curious kind of 'standstill agreement' with Germany and the U.S.S.R. to the cultivation of the most cordial relations possible with France and Rumania.

To be successful, this policy clearly required the most delicate manipulation; for detachment from obligations towards others might easily lead to isolation. This was particularly likely in view of the fact that each of Poland's two chosen friends, France and Rumania, had obligations elsewhere which were not easy to reconcile with Poland's attitude.

Colonel Beck, in a speech which he delivered on the 10th January, 1938, before the Foreign Affairs Committee of the Sejm, emphasized the exceptional character of these two alliances. They had been originally concluded 'when the organization of the League was still loosely knit', and were 'neither complementary nor supplementary to the Covenant'; they would thus retain their value even if the League collapsed. But France, in particular, had spent the intervening years precisely in laborious endeavours to eliminate that very 'looseness' which Colonel Beck seemed to regard as so desirable; and both she and Rumania were now entangled in a network of alliances and commitments towards both general institutions and particular states which Colonel Beck treated with dislike and contempt. The ultimate problem confronting Poland was therefore whether she could make herself into a counter-attraction strong enough to induce France to throw over her alliances with the U.S.S.R. and Czechoslovakia, and Rumania to retire from the Little Entente; or whether, at least, she could persuade her friends to reduce their commitments in other directions to dimensions which Poland would not consider incompatible with her own position.

The year opened auspiciously for Poland, with the renewed *rapprochement* with France, inaugurated in 1936,¹ still in the ascendant. One of the chief factors which had divided the policies of the two countries had been eliminated when France renounced her ambition to conclude an Eastern Pact; for a Pact such as France had desired² would have brought little to Poland (the French guarantee she already possessed, and she would not accept a guarantee from Russia) while robbing her agreement of 1934 with Germany of all its value. A proof of this renewed cordiality was soon given, when, on the 5th

¹ See the *Survey for 1936*, pp. 397-9.

² See the *Survey for 1935*, vol. i, Part I, section (iv).

January, 1937, the Polish Sejm passed a Bill authorizing the Finance Minister to raise in France¹ a loan of 810,000,000 francs, together with a credit of 1,250,000,000 francs for purchases in France and for the execution and installation of works in Poland. A further sum of 540,000,000 francs was to be raised by the issue of bonds of the Franco-Polish Railway Company. The interest ranged between 5 per cent. and 6 per cent., the period of amortization between fifteen and thirty-four years. All these sums were to be devoted to national defence, in the shape of purchases of war material or improvements in rolling-stock and communications; and the report to the Polish Sejm accompanying the Bill stated openly that these measures were necessitated by Germany's rearmament. It went on to refer to the exchange of notes which had confirmed the continued existence in its original form of the Franco-Polish alliance of 1921. All misunderstandings between the two friendly nations, it said, had now been cleared away. On the threshold of a new epoch, France and Poland clasped hands in the knowledge that the only guarantee for the security of each lay in the closest understanding and consideration of their common interests. The new loan attested the complete identity of their views.

On the 1st March a chair for Polish military history was inaugurated in Paris, and on the 3rd March a Franco-Polish Institute of Historical Research was opened in Warsaw. On the 22nd May, after some months of rather wearisome negotiations, a Franco-Polish commercial treaty was signed, consisting of five parts, relating respectively to trade and shipping, clearing, quotas, tourist traffic and the exchange of agricultural produce. Although this agreement did not wholly solve the problems arising out of Poland's indebtedness to France, it made a beginning in allowing Poland an active balance of exports (in the ratio of five to four), and its conclusion was hailed with much satisfaction.

The cordiality between the two countries was well maintained throughout the year, and Monsieur Delbos's visit to Warsaw in early December² was marked by scenes of genuine enthusiasm, the more so as the French visitor had not included Moscow in his itinerary, and as he presented Poland with one or two valuable concessions: a promise that Poland should be kept fully informed of any new negotiations for a 'Locarno' on Germany's western frontier, a prospect of some arrangement to secure an outlet in Madagascar for a fraction

¹ The French Chamber had already at the end of December 1936 passed a Bill empowering the Government to guarantee the loan.

² See also p. 341, above.

of Poland's surplus population, and an assurance that France appreciated Poland's policy towards Germany. On his departure Monsieur Delbos told the Press that he left Warsaw with the deep conviction that the Franco-Polish alliance was indissoluble, and that this was a growing element of stability and strength in the work of European pacification.

These exchanges might, however, have been more cordial still had the two partners been engaged less often during the previous months in thwarting one another's wishes. A hint of their disagreements appeared even in the toasts exchanged on Monsieur Delbos's visit, when the French statesman spoke of 'seeking universal appeasement and serving the cause of peace through the League', while Colonel Beck emphasized the 'bilateral' nature of Franco-Polish co-operation.¹ Similarly, when Colonel Beck had passed through Paris, three months back, on his way to the League Assembly, the official *communiqué* had stated that agreement between the Polish traveller and his French hosts had been reached on 'the majority of questions'.

France had been unable to modify Colonel Beck's attitude towards the League of Nations. Already at the League Assembly the Polish delegates were at pains to emphasize the danger of any undue extension of commitments, and their country's objection to being involved in any policy which she had not discussed and specifically approved. Monsieur Komarnicki queried the Assembly's right to take action in the Far Eastern dispute under Article 3 of the Covenant; opposed the League's intervention in the Spanish conflict; and abstained from voting on the resolution on the Nyon Agreement² on the ground that 'the Polish Government cannot undertake responsibility for other states'. This was only a beginning: on the 15th December, in sequel to Italy's withdrawal from the League, the Polish Government issued a *communiqué* to the effect that 'if the Geneva institution showed a tendency to engage in a battle of ideologies' Poland 'would have to consider whether this was not in conflict with the bases of her foreign policy', and 'be forced to regulate her future relations with the League of Nations in accordance with the results of this examination'. And on the 10th January, 1938, Colonel Beck, in his speech on foreign policy, used stronger language still. He maintained that the League had proved, in the light of experience, not to be strong enough to enforce the principles of the Covenant; yet its supporters endeavoured to impose more and more difficult tasks on it. He regarded as 'illusory the possibility of maintaining a state of affairs in which the statute and regulations of an institution set up

¹ See also p. 341, above.

² See vol. ii, pp. 354-5.

to act as a system embracing all the nations of the world would, in the long run, be applied only by some of them to themselves and to others'. Never universal, the League was not now even European. It was in danger of 'degenerating into a doctrinal confederation'. Poland would not take any initiative which might deepen the crisis, 'but we must know what we are responsible for, by what obligations we are bound, and according to what principles the decisions of the international institution are taken'.

As he then went on to argue the independent value and validity of Poland's treaties with France and Rumania, and her non-aggression agreements with Germany and the U.S.S.R., this speech could hardly be interpreted as support, in the sense desired by France, of the collective system, and it was natural that it should have caused considerable annoyance in France. Equally, the repeated efforts made by France during the year 1937 to persuade Poland to alter her attitude towards Czechoslovakia proved unavailing. The anti-Czech campaign was not pursued so virulently as in earlier years (except for a sudden and violent resurgence over a book which was published in January by the Czechoslovak Minister in Bucarest);¹ but no real reconciliation was attempted.

On the other hand, it was France that proved the stronger in the tug of war over Rumania, which is described elsewhere.² During the first half of the year Poland lavished even warmer attentions on Rumania than on France. The sudden relaxation of these efforts, after their culminating point in June, was notoriously due in large part to French pressure, applied both in Poland and in Rumania. Poland evidently still cherished the belief that the best hope for peace in Eastern Europe lay in a reconstruction, in modernized form, of the old 'cordon sanitaire' of 1921, but she was now obliged to recognize that the bilateral system had its limitations.

A description of Poland's relations with the Baltic states must be left for a later volume of the *Survey*, since it was only in 1938 that the resistance of Lithuania was broken down sufficiently to allow the inauguration of a more active policy in which Latvia and Estonia, who were by no means unsympathetic towards Poland's attitude, would be free to join. Similarly, the Scandinavian states, Sweden in particular, showed a considerable sympathy with Poland's policy, and the visit to Poland paid by the Swedish Foreign Minister in the summer of 1937 was not only marked by great cordiality but appeared to offer an opportunity for a certain agreement on general principles.

As regarded her two big neighbours, Poland's 'standstill' agree-

¹ See below, p. 406.

² See below, pp. 410-12.

ments worked fairly well during the year. Her relations with the U.S.S.R. were consistently uncordial, but were correct. The Press of each country made many unfriendly references to the social system of the other, and the U.S.S.R. was obviously displeased both by Poland's courtship of Rumania and by the promotion, announced on the 1st October, of the Polish and Japanese Legations in Tokyo and Warsaw respectively to the rank of Embassies. But only one 'incident' worthy of mention occurred, when alleged damage by Polish frontier officials to Russian railway stock on the 29th November (denied by Poland) led to an acrimonious exchange of notes.

Poland's relations with Germany require more detailed description. The Polish-German agreement of January 1934 had pledged the two countries to mutual respect and to what was known in diplomacy as 'friendly relations'; and although the friction between the two peoples had shown little sign of abating, both Governments found the official friendship worth preserving. Colonel Beck, in a speech to the Foreign Affairs Committee of the Sejm on the 18th December, 1936, admitted the existence of a certain 'nervousness' in the Press and public opinion on both sides of the frontier, but maintained his conviction that the courageous decision to establish friendly relations had proved its worth. 'Nerves are nerves, but a decision remains a decision.' Herr Hitler responded with equal politeness in his speech of the 30th January, 1937. A number of official visits were paid with due courtesy—notably when General Göring arrived in Poland on the 16th February as the guest of the President in order to shoot lynxes, being himself preserved from the rôle of quarry by what was said to be an unprecedented posse of police. An 'Arbeitsgemeinschaft für deutsch-polnische Beziehungen' was founded in Berlin in May, and a German-Polish Society in Warsaw in June. There were exchanges of visits between Polish Boy Scouts and members of the Hitlerjugend, and between German and Polish Members of Parliament.

In the economic field, a satisfactory agreement was reached at the beginning of January over the vexed question of the payments to be made by Germany for transit over the Corridor.¹ Poland agreed to receive a sum amounting to less than 3,000,000 zloty monthly instead of 3,500,000, and to take half of this sum in the form of goods, while Germany was to transfer the remainder instead of keeping it in a blocked account. The commercial treaty, due to expire on the 1st March, 1937, was, after long and difficult negotiations, prolonged on the 13th February for a further two years, the export quota for each

¹ See the *Survey for 1935*, vol. i, pp. 208-9; the *Survey for 1936*, pp. 396-7.

country remaining at 176,000,000 zloty,¹ while certain improvements and facilities were introduced in points of detail. In fact, commercial exchanges increased, for the quotas had not been fully utilized in previous years. A further railway agreement, embodying improved transit facilities across the Corridor, was signed on the 5th October.

Finally, the declaration of the 5th November, described below, re-affirmed the two countries' will to peace, and even indicated a resolve to make a fresh start and to turn their friendship into something more substantial than it had been hitherto.

Nevertheless, if the outward expression of Polish-German relations had remained unchanged, the foundations on which they were built had been modified considerably. For the agreement of 1934 had been essentially an armistice, not a peace. The front line between the two armies had remained stationary since its conclusion; but the heart of the whole Polish-German problem lay in the fact that each combatant possessed outposts and advance pickets far within the enemy lines. The position of the German advance posts, in particular, would be of immense importance to both parties if at any time in the future the relations of the two countries were to revert to the pre-1934 position, and Germany were to begin a new campaign for the revision of her Polish frontiers. Each side had used the respite on its own front to consolidate its position by eliminating these outposts: Poland in the Corridor and in Polish Upper Silesia, Germany in German Upper Silesia and Danzig. And although to each this consolidation of its own line was the supreme objective, neither could remain unmoved by the cries of distress as each of its own abandoned pickets was in turn 'mopped up'.

The end of 1936 found the Germans in Poland already complaining of increased pressure and encroaching poverty. In 1937 they lost further ground still under a series of measures headed by the Agrarian Reform Bill—an enactment which, although it was an economic and social necessity and was being applied successively throughout the country, fell particularly heavily on the western provinces, where the Germans were the chief landowning class. Lists were published in February 1937 of the estates to which it was proposed to apply agrarian reform during the year. Thirty-six estates, covering 16,951 hectares, were affected in the province of Poznań; of these, thirty-one estates, covering 13,336 hectares, were German-owned. In Pomorze, forty-four estates with 11,270 hectares were affected; twenty-seven of the estates and 7,786 hectares were German-owned. For 1938 the detailed lists were not published, but the total areas affected

¹ The share of this allotted to Danzig was 27,000,000 zloty.

were still larger: 25,000 hectares in Poznań, 14,000 in Pomorze. The remodelling of the provincial frontiers decreed on the 12th March (to come into force on the 1st April, 1938) was hailed by the Germans as another blow; although as the percentage of Germans was, indeed, only slightly reduced (from 9 per cent. to 8 per cent.) in Poznań, which lost its northernmost districts but was enlarged eastward, while in Pomorze, which expanded both south and east, it would actually rise from 10 per cent. to 10.5 per cent., the grounds for this view were not altogether obvious. Both provinces, however, now included poverty-stricken and over-populated districts, and the percentage of Jews in both had been raised considerably.

Another measure which aroused the greatest concern was the re-organization of the Lutheran Church. More than half of the members of this Church were Germans, while nearly all the Germans of the former Austrian Silesia and Central and Eastern Poland belonged to it. The Germans thus regarded it as an important 'national' and cultural institution peculiarly their own. On the 27th November and the 31st December, 1936, two new laws were issued which between them constituted a new statute for the Church and a definition of its relations with the state. The election of the Bishop and of the Synod was now placed in the hands of a Consistory, one member of which was appointed by the Government, while the others were confirmed in their offices by the Government. The Voivode had the right of veto over the appointment of pastors and could ask the Consistory to remove any pastor engaging in activities harmful to the Republic;¹ and the official language of the Church was to be Polish. The landed property of the Church, above a certain limit, became available for use in measures of agrarian reform.

The first elections held under the new statute were for the 'Seniatsvertreter'. These took place on the 28th February, and resulted in large German majorities in most districts. When, however, the next stage—the election of the General Synod—was reached in April, Monsieur Bursche, the General Superintendent, an enthusiastic Pole, was already able to use his powers to quash a number of elections and to secure the appointment of Poles. Thus, when the General Synod met on the 22nd June to elect the Synodal Committee and the Consistory, the four dioceses with the largest German majorities were unrepresented. The remaining German representatives left the Synod, which then elected four Polish Consistorial Councillors, leaving only two places for the Germans; and on the 3rd July Monsieur

¹ This provision corresponded with a similar clause in Poland's concordat with the Holy See.

Bursche was elected Bishop, with a Polish Vice-President of the Consistory. This 'Polonization' of what they had regarded as 'their' Church was felt by all the Germans as a bitter blow.

A number of minor incidents kept the discontent smouldering. Although many German school-children were already without instruction in their mother-tongue,¹ further schools were closed, and the opening of new ones forbidden. The most important German newspaper of Central Poland, the *Freie Presse* of Lodz, was suspended in June; and, shortly after, the Deutscher Lehrerverband and the Gauverband der deutschen Turnvereine Mittelpolens were dissolved. There were two large trials: on the 4th June twenty-six young Germans received sentences ranging from one year downwards for conspiracy; and on the 5th July twenty-two more—some of them extremely young and many of them girls—were condemned to sentences ranging from three years to five months on a similar charge. They had organized a camp on the lines of the German Arbeitsdienst, and while the German Press admitted that they had been 'schooling themselves in the Nazi Weltanschauung', and they had undoubtedly celebrated the Führer's birthday with enthusiasm, they strongly denied any treasonable activities. The sentences were deeply resented in Germany, while Poland was no less indignant at the conduct of which these young people were alleged to have been guilty. The measures were enacted to the accompaniment of a running fire of agitation from the Polish 'Western Union', the great national and patriotic association of the Poles of the West which, although nominally unofficial, enjoyed the sympathy and support of the highest Polish official circles. In March the body organized a propaganda week in Upper Silesia for the purpose of strengthening the position of the Polish merchants and artisans; the form which this took amounted to an invitation to the public to boycott German firms and workmen. In April a 'Pomerellian Week' was held in Grudziąz (Graudenz), and here the Western Union touched on international politics. Besides most unfriendly manifestations towards the local German population, resolutions were adopted referring to the 'watch on the Vistula' and to the Union's determination to work for the unification in Poland of all 'Polish lands not yet liberated'. This evoked a protest from Berlin, which was received in a not very chastened spirit. At the end of April the Union was warning

¹ In March it was stated in the Senate at Warsaw, and not denied, that of 33,900 German children of school age in the provinces of Poznań and Pomorze, 12,800 had to attend purely Polish schools and another 5,000 schools in which there was not sufficient instruction in German. (See the *Frankfurter Zeitung*, 12th March, 1937.)

parents against entering their children for German schools in Upper Silesia. The maintenance of these schools was in any case becoming increasingly difficult. In June three private German gymnasia in Upper Silesia were closed owing to a lack of pupils, which made their maintenance impracticably expensive. According to the Germans, the shortage of pupils was due to the unreasonably high standard required for entrance by the examiners, all of whom were Poles.

The situation in Upper Silesia was in many respects more acute than that in Poznań or Pomorze, for here the great question of industrial employment came into the picture. It was a universal German complaint that to be a German here was almost equivalent to being unemployed. The long depression through which Upper Silesian industry had passed had in any case resulted in unemployment on a shocking scale; but even when conditions improved, as they did in 1936, it was chiefly Poles who benefited thereby. It was calculated that on the 1st March, 1937, of the 29,954 members of the Deutscher Volksbund, 13,512 were unemployed men and 1,994 were wives of unemployed men. Only 6,011 were in independent positions or fixed employment. The national proportion may not have been so unfavourable as was alleged from the German side, but the situation was clearly very grievous. The Poles themselves calculated in July that the proportion of German capital in Upper Silesian industry had sunk since 1922 from 100 to 40 per cent.; that the number of Polish higher employees in industry had risen from 0 to 10 per cent.; that 96 per cent. of the artisans' businesses belonged to Poles and that 69 per cent. of the merchants were Poles. 30,000 Poles were employed in the administration.¹

Some of these changes had been effected by agreement with, or even through the instrumentality of, the Germans. Thus the rise in the proportion of the Polish employees was due largely to the emigration of the German element, of whom some 100,000 had left Silesia immediately after the partition. The fall in the proportion of German capital, which had still in 1933 been estimated at 52 per cent., was due largely to the acquisition, by Polish interests, of the 'Interessengemeinschaft' mining and smelting group, the Huta Pokoju (Friedenshütte) iron works (one of the largest in Europe) and a portion of the Pless estates. This transaction was a normal one, at an agreed price, between the Polish creditors and the Polish Treasury on the one hand and the German group on the

¹ *Gazeta Polska*, 15th July, 1937. Other sources estimated the proportion of German capital as low as 28 per cent. in 1938.

other. But even such cases were lamented in German circles as 'national' losses, while in other instances the retrogression of the German element was ascribed to overwhelming pressure exercised in spite of the protection afforded by the Upper Silesian convention. It was therefore natural that the Germans should await with the greatest anxiety the advent of the 15th July, 1937, when the Convention was due to expire. It was no secret that Germany had wished that this convention should be renewed, without the name of League control, but otherwise intact. She was particularly anxious to obtain some safeguard for the optants, whose expulsion had been prevented, years previously, by the League, but whose position had never been definitively regulated. Poland steadily refused to consider these German wishes. Indeed, a speech made in January by Monsieur Czażyński in the Silesian Sejm, when he remarked that it would soon be possible to extend the range of the agrarian reform, showed that Poland was waiting anxiously for the moment when her hands would be freed. In Germany Gauleiter Wagner promised the Poles of German Upper Silesia immunity from assimilation and economic oppression, but he threatened the strongest measures against any irredentism and intimated clearly that the fate of the Poles of Germany would depend largely upon that of the Germans in Poland.

On certain technical points agreement was reached. After conversations in Cologne (28th April-10th May) and Warsaw (10th-12th and 30th May onwards) an agreement was signed (2nd June) regulating transit traffic. Certain of the smaller crossing points were closed, but the main lines remained open. Agreement was also reached on customs formalities, control of passports, and the replacement of the special railway tariffs previously in force. But no general agreement was concluded, and the convention expired on the 15th July with the bulk of its provisions not replaced. In a final sitting of the Commission hearty tributes were paid to Monsieur Calonder, and these were echoed in the German Press, combined, however, with a particularly graceless depreciation of the organization from which Monsieur Calonder had derived his authority, and in the name of which he had exercised it. The Minorities Office was then closed.

The 'Polish Political Information' issued a *communiqué* assuring the Germans that Poland's legislation, and, above all, her Constitution, offered them sufficient guarantee that their rights would not be infringed. On the next day, however, the Silesian Sejm assembled in Katowice to adapt the legislation to the new situation. The Marshal of the Sejm in his opening speech welcomed the expiration of the convention which 'had given a part of the minority repeated occasion

to adopt a disloyal attitude to its own state'. The Sejm then rapidly extended to Upper Silesia the validity of the laws on the classification of land—an evident preliminary to the application of land reform—and on the use of official languages already in force in the rest of West Poland; these allowed the authorities to use German in their dealings with the public only with special permission from the Voivode.¹

A third law, which passed through all its three readings in 55 seconds, declared all the Protestants in Upper Silesia (the majority of whom were Germans) to be members of the United Evangelical Church, which, pending the issue of a definitive statute, was placed under a provisional régime somewhat similar to that recently enacted for the Lutheran Church of Poland, the head and patron of the Church being the Voivode of Upper Silesia.² Finally, the Polish social insurance system was extended to Upper Silesia.

On the 23rd July the Sejm in Warsaw enacted the measures which exceeded the competence of the Silesian Sejm: a law extending to Silesia the right of the Government to take over property in settlement of arrears of taxation; another breaking the entail on the Pless estates (the effect of the two measures being to enable the state to take over a portion of the Pless estates in settlement of its outstanding claims); and further laws extending to Silesia the provisions regulating the use of languages in the law courts, and the Agrarian Reform. The *rapporteur* on the last-named measure announced that the reform would begin at once, and on a large scale. 40,000 hectares would be affected, 36,000 of which were, in accordance with the prevailing national and social conditions, German-owned. On the 30th

¹ The Warsaw Sejm had already adopted a law regulating the language question in courts of law. The Polish Deputies from Upper Silesia had abstained from voting, on the ground that the provisions were much too lenient.

² To the protests of the Germans the Polish authorities replied that they were only restoring the previous legal situation, since, before the partition of Silesia, the King of Prussia had been head of the Lutheran Church. The autonomy enjoyed by the Church for the past fifteen years had been introduced with the special object of excluding Polish influence. Incidentally, it was claimed on the Polish side that a large proportion of the members of the Church were not Germans, but Poles who had been more or less artificially Germanized and were now anxious to revert to their true national affiliations. The Germans replied that the King of Prussia had enjoyed his position, not as head of the state but as 'Episcopus Summus' of the United Church, of which he was himself a member. The position was very different when he was replaced by a man who was a Pole and a Catholic.

The controversy over the provisional statute lasted throughout the year, in the course of which the Voivode appointed a Polish lawyer to be head of the Provisional Council and replaced several German pastors (who, not being Polish citizens, had to leave the country) by Poles. It was only in December that an agreement was reached to set up a Council composed equally of Poles and Germans, with a German chairman, to prepare a definitive statute.

August the Silesian Sejm extended to Silesia the Polish law on private education, with the modification that the authorities were authorized to refuse permission for a school to be opened if it was not required by the general public or by the economic situation of the district, and in particular, if the existing public schools provided adequate educational facilities; further, no pupil was to attend an elementary school at a distance of more than three kilometres from his home.

No time was lost in putting these laws into execution. A Provisional Council was appointed for the Church, with a Polish majority. Further German schools were closed, and further dismissals occurred in industry. All the remaining optants, 1,600 in number (the majority had already left the country in the summer), were served with notices to leave by the 1st November.

Most of these measures were justified in the Polish Press as reprisals for ill-treatment of the Poles in the Reich—an allegation sharply denied by Germany. The charges and counter-charges made in this question, in a controversy which went on intermittently throughout the year, contradicted one another so flatly as to make the dispute almost meaningless to those who failed to realize that Poland and Germany were talking about two different things. By 'the Polish minority in Germany', the Reich understood broadly that population of pure Polish stock which lived adjacent to the frontier. Poland included in the term not only the Masurians and similar populations of Eastern Prussia, who spoke Slav dialects but had voted after the War to remain with Germany, but also that great mass of humble embodiments of a fabulously high Polish birth-rate who during a century of German rule had flocked westward to work on German estates and to man the expanding industries of Germany as far afield as the Rhineland and the Ruhr. These had been rather in the position of overseas immigrants than in that of a minority in the sense in which the German minority in Poland was a minority; in most cases the second generation had lost all save a scrap or two of the Polish language, and all active national feeling. Poland claimed all of these for Poles, and, on that basis, calculated the numbers of her minority in Germany as high as 1,500,000. Germany replied that, even on the linguistic basis on which her census was taken, the number could be put no higher than 721,000 (1925 census); nationalist opinion put the number of true Poles at under, rather than over, 100,000,¹ and of nationally conscious Poles at 40,000–50,000.²

Evidently, very different conclusions could be reached as to how

¹ *Berliner Tageblatt*, 12th August, 1937.

² *Völkischer Beobachter*, 20th August, 1937.

favourable was the treatment meted out to the Polish minority, according to which view was taken of the real extent and wishes of this vast mass of quarter, half or three-quarters Germanized 'Polentum'. Thus in May 1937 a Polish source indignantly compared the 579 primary schools, 21 purely German and three mixed secondary schools, six training colleges, 96 newspapers and 787 co-operatives of the German minority in Poland, whose numbers it estimated at 900,000, with the one secondary school, 65 primary schools, 35 kindergartens and 15 Polish classes, 17 newspapers and 37 co-operatives of the '1,200,000' Poles in Germany—to which the German reply was that even those 65 schools owed their existence to the great liberality of the German law, which required only a minimum of seven pupils for the opening of a public elementary school. Had the Polish law, which set the figure at forty, been applied, the schools would have numbered only ten. The total circulation of the Polish papers was only 10,000 (another figure gave 6,000), showing that the population did not want to buy them. They were free to organize nationally in their 'Polenbund', but only 30,500 had joined it, while only 15,000 of them subscribed to its organ; they were also free to organize economically, but only 4,806 had taken advantage of the opportunity. As for the Polish secondary school in Beuthen, it had been a matter of the greatest difficulty to find pupils to fill it. This accusation and this reply were typical of many. From the Polish side, the allegations were numerous and circumstantial. It was admitted that if a Pole insisted on describing himself as such, he was allowed to do so. If he did, however, he had to suffer many disabilities. He did not enjoy either active or passive franchise, either in local or in municipal elections, or in the elections to economic and professional corporations. He was practically debarred from certain professions, such as journalism, and could not acquire land, apart from hereditary homesteads. It was even said that Polish students, like Jews, were served with special identity cards placing them at a disadvantage compared with their German fellow students. Moreover, the use of Polish in dealings with the authorities, though permitted by law, was in practice excluded. Further, if these accusations were to be believed, the policy of assimilation which had been practised so assiduously before the War had not been abandoned. Parents wishing to send their children to Polish schools encountered official obstruction and even intimidation. They were refused financial help, and did not benefit by the 'Winterhilfe' and similar institutions. Poles were not legally obliged to join such organizations as the Labour Front, but unless they joined they could not obtain work. Similarly, boys were not

forced to join the Hitlerjugend, but could not find employment as apprentices if they held aloof. Poles proclaiming themselves to be such were often dismissed by their employers and could not find fresh employment, at any rate in the districts in which the Frontier Defence Laws applied. Polish banks, co-operatives and shops were boycotted by the Bund Deutscher Osten and by the local organs of the Nazi Party, and were subjected by the authorities to hampering restrictions. Polish place-names were Germanized. In some cases, actual violence was alleged.

Practically all of these accusations were, as has been noted, denied, and it seems probable that in many cases they were exaggerated or unfounded. But the tone of the German Press itself, and the speeches of the nationalist leaders, particularly in the districts near the Polish frontier, afforded ample evidence that, among large circles in Germany, the determination to keep the Polish minority movement within the narrowest limits, and to sap its strength in every possible way, was not less vigorous than the corresponding anti-German movement in Poland. It was therefore credible that a proportion of the Polish complaints were well founded.

In any case the position was clearly most detrimental, not only to the minorities themselves, but also to the good relations between Germany and Poland. Thus, as soon as it became clear that she could not obtain a prolongation of the Geneva Convention, Germany set about obtaining a substitute. Poland was, it appears, prepared to agree to this, but only on certain conditions: it must be reciprocal, and it must admit the complete sovereignty of the state. Negotiations on this basis were reported to have reached a conclusion by the beginning of September, when the publication of the new agreement was expected. It was delayed owing to the indignation aroused in Poland by the publication, in a newspaper of the Reich, of a particularly gratuitous insult to the venerated Polish Virgin of Czestochowa, and by a fresh Polish campaign of protest against the treatment of Poles in Danzig. It was issued at last on the 5th November, 1937, in the form of a Declaration,¹ as follows:

The German Government and the Polish Government have taken the occasion to make the situation of the German minority in Poland and of the Polish minority in Germany the subject of friendly discussion. They are both convinced that the treatment of these minorities is of great importance for the development of friendly relations between Germany and Poland, and that the well-being of the minority in each of the two countries can be more securely guaranteed if there is a cer-

¹ The German text was published in the *Völkischer Beobachter*, 6th November, 1937.

tainty that the same principles are being followed in the other country. The two Governments have therefore, to their satisfaction, been able to recognize that each of the two states regards the following principles as guiding (within the limits imposed by its sovereignty) the treatment of the minorities in question:

(1) The mutual respect for German and Polish national feeling automatically excludes any attempt to assimilate the minority by force, to question appurtenance to the minority or to prevent declaration of appurtenance to the minority. In particular, no pressure will be exercised upon youthful members of the minority to estrange them from appurtenance to their minority.

(2) The members of the minority are entitled to the free use of their language, in oral or written communications, in private intercourse, in trade and industry, in the Press and at public meetings.

No disadvantage shall accrue to the members of the minority from the cultivation of their mother-tongue and of their national customs in public or in private life.

(3) The right of members of the minority to form associations, including cultural and economic associations, is guaranteed.

(4) The minorities are entitled to establish and maintain schools in their mother-tongue. In the ecclesiastical field, the members of the minority are entitled to the practice of their religion in their mother-tongue, and to Church organization. There will be no interference in existing relations in the field of religion and of charitable activity.

(5) Members of a minority shall not be hindered or prejudiced on the score of that membership in the choice or practice of a profession or trade. They shall enjoy the same rights as members of the 'Staatsvolk' in the economic field, particularly as regards the acquisition or possession of real property.

The above principles shall not in any way affect the duty of the members of the minorities to render implicit loyalty to the state of which they are citizens. They have been laid down with the object of guaranteeing the minorities equitable conditions of life and harmonious co-operation with the 'Staatsvolk', this being calculated to strengthen progressively the friendly and neighbourly relations between Germany and Poland.

In connexion with the publication of this agreement, Herr Hitler received the representatives of the Poles in Germany. He listened to their representations and, while emphasizing the duty of the Poles to be loyal to the Reich, assured them that the Government would continue to provide for their economic and cultural needs and would work for harmonious relations between the Polish minority and the German 'Staatsvolk'. The declaration was a further step towards the realization of the lofty aims of the German-Polish Pact of the 26th January, 1934.

Simultaneously, the President of Poland received the representatives of the Germans in Poland and made them a reassuring

declaration. In the course of the following days the German leaders laid their requests in detail before the competent Polish authorities. In spite of its studiously non-juridical character, the ominous references to national sovereignty, and the absence of any control over, or guarantee of, its execution, the declaration clearly offered the minorities prospects of a brighter future, if it were observed both in the spirit and in the letter. In view, however, of the mistrust with which it was received by all except the official Press, it seemed rash to prophesy that a new era had truly opened in Polono-German relations, or even that the conditions of the minorities had now been stabilized at their new level, low as this was. During the rest of the year no fresh measures of importance detrimental to either minority were announced. On the other hand, neither were any substantial remedies of existing grievances reported.¹

In the meantime, the Germans of Danzig had been pressing home their advantages as ruthlessly and as systematically as the Poles of Poznań and Polish Upper Silesia.

The development of the situation in Danzig has been recorded in the preceding volume in this series² down to May 1937. The position then reached was that Poland and Germany had combined to eliminate the League of Nations and its High Commissioner as effective factors in the situation. The League bowed to the inevitable, even to the extent of taking on to its own budget the High Commissioner's salary, under the heading 'unforeseen expenses of a political nature'. Herr Burekhardt did not follow his predecessor's example in attempting to assert the rights of international authority; and the League Council's Committee of Three confined itself to receiving his reports and expressing satisfaction with the manner in which he carried out his duties.

Yet it soon became apparent that the elimination of third-party intervention, however desirable as a move in the game of weakening the collective idea, would not, of itself, reconcile Polish and German interests in Danzig. The Polish-Danzig conversations which were concluded on the 10th January, 1937, and the exchange of declarations made on the 19th January did indeed bring a certain temporary *détente*, which was emphasized by the successful conclusion on the

¹ On the 2nd June, 1938, the leaders of the Polish minority submitted to Dr. Frick, Reichsminister of the Interior, a lengthy memorandum declaring that, except for the opening of a single Polish secondary school at Marienwerder, no improvement had occurred in the treatment of the Polish minority—a state of affairs which 'could not be reconciled with the declaration of the German Government of the 5th November, 1937'.

² The *Survey for 1936*, Part III, section (vi).

5th January of an agreement prolonging to the 31st December, 1939, the provisional agreement of the 18th September, 1933, regarding the utilization of the port of Danzig.¹ Poland agreed to calculate the use made of Danzig harbour on the basis of the turn-over value of the goods traffic passing through the port; to do all that she could for the maintenance of the port; to make permits for the import of goods into Poland valid for 'harbours of the Polish customs area', i.e. either for Danzig or Gdynia (thus removing a grievance of Danzig, which alleged that the more valuable goods had regularly been diverted via Poland), and otherwise to accord equal treatment to the two ports. The Danzig Senate promised to ensure to Polish firms operating in Danzig an equal treatment and freedom of action, and to discuss with Polish circles how to establish better co-operation with the Polish hinterland.

Even economic questions, however, proved difficult to settle. The discussions referred to lasted throughout the year. They began in April, when the Polish negotiators asked for more favourable treatment on nine points: (1) taxation; (2) banking; (3) chambers of commerce; (4) co-operative societies; (5) the employment of Poles; (6) social insurance; (7) movement on inland waterways; (8) ownership of real property; (9) citizenship. It was not until June (after the conversations had once been suspended owing to the complete failure of the parties to reach agreement) that the Danzig Senate gave 'fairly favourable answers' to points 1, 3, 5, 6 and 7; not until the beginning of December that a general agreement was reached on the whole set of questions.

In the interval, however, several minor agreements had been achieved. Danzig had hailed with much satisfaction the conclusion of the Polish-German commercial treaty,² which kept the quotas at their previous level, even where they had not been utilized in previous years; further, Danzig itself was allowed a not ungenerous share in the quotas. On the 1st March a protocol was signed regulating the conditions for Danzig's participation in the import quotas. On the 7th August it was announced that an agreement dating from 1934 on traffic in the products of agriculture, market gardening and fisheries had been prolonged for another year. On the 30th August an agreement was signed relating to tariffs on the export quotas. In the whole economic field the Danzig Germans' anxiety to secure for themselves every iota of advantage was balanced by a recognition that their economic interests were bound up with those of Poland;

¹ See the *Survey for 1935*, vol. i, p. 221; the *Survey for 1936*, p. 567 n.

² See p. 387, above.

and in the last resort both parties were equally anxious to avoid an open rupture.

In the political field, while Germany had to watch the destruction of her old positions in Poznań, the Corridor and Silesia, Poland was treated to the no more agreeable spectacle of the final Nazification of Danzig. By May 1937, as has been recorded, this process was already far advanced, and the only Opposition party now surviving was that of the Catholic Centre—a highly important group which still possessed, with its ten seats in the Diet and over 30,000 votes out of the 234,000 cast in the last election,¹ the confidence of a considerable fraction of Danzig's total population.

Although Herr Forster had announced in May 1937 that the alteration of the Constitution was now legally possible, no immediate steps were taken to bring this about. Unity of opinion in Danzig was rather sought by exercising pressure on the Centre Party and by procuring the removal of the more prominent members of the remaining Opposition. Conspicuous in the latter connexion was the mysterious disappearance at the end of May of Herr Wiechmann, one of the most courageous of the Social Democrats. Enticed to a mysterious rendezvous by a telephone call, he was known to have refused to enter a car bearing a Berlin number, but to have entered a car belonging to the Danzig police. He was never seen again, although a body found some days later was believed to be his. His was not the only unexplained disappearance.²

For the rest, the Nazi majority contented itself during the summer with the organization of a series of rallies and with visits of important personages from the Reich. Conspicuous among them were a visit from Dr. Goebbels on the 9th May;³ a tour of 600 members of the 'Old Guard' of the Nazi Party on the 16th June; and a visit from Dr. Ley early in October.

On the 10th October a 'Gautag' was held, at which Herr Forster recounted the achievements of his party. Rather surprisingly, he

¹ See the *Survey for 1935*, vol. i, pp. 214–15.

² It seems to have been not quite certain whether the magic two-thirds majority was assured without the elimination of two more persons, one of whom was Herr Wiechmann. Although Herr Forster had stated in May that he now possessed the majority, the attainment of the figure was again announced after the seats of Herr Wiechmann and the ex-Communist Plenikowski had been declared vacant on the 8th October and had been filled by new-comers. One, at least, of these was a 'Hospitant' or 'guest-member' of the Party, i.e. a repentant with a non-Nazi past.

³ On this occasion some perturbation was caused, since some Polish opposition papers, and some from neutral countries, reported Dr. Goebbels as having said that Danzig 'must and shall belong to the German Reich'. This was, however, officially denied.

admitted that only one-tenth of the population belonged to the party. He again expressed the hope that the Centre Opposition would soon disappear; and he promised that steps should be taken to achieve this end, and also to deal with the Jewish question.

A few days later the end came. On the 20th October Herr Greiser appears to have paid a visit to Herr Hitler; and the next day, after some raids on the houses of a number of Centre politicians and other Catholic leaders, the dissolution of the Centre Party was announced. It was alleged that one of its members had been found to be maintaining 'illegal relations' with an outside Power—apparently the Vatican. The exact procedure was wrapped in some obscurity; but it appeared that the leader of the party agreed to recognize the validity of the decree of dissolution, and not to appeal to the League of Nations, in return for a promise that no prosecutions would be instituted on the strength of the material found during the raids. In fact, the members of the Centre Party received a tacit amnesty for their past opinions. On the 8th November an actual amnesty was issued for the benefit of political prisoners serving sentences of less than one year.

In the course of the next few days the position was consolidated. On the 8th November the formation of any new political parties was forbidden, on the ground that they were 'associations liable to conflict with public order' and therefore contrary to the Constitution of Danzig. All young persons of German extraction were enrolled in a single Youth Organization, to be trained 'physically, morally and spiritually for the service of the people and the community'.

The Jews came in for special attention. Hitherto they had been subjected only to sporadic baiting: but at the Gautag on the 10th October Herr Forster had foreshadowed the opening of an extensive anti-Semitic campaign, in a long and extremely abusive speech in which he had announced the intention of the Government 'to put a stop in its own way to the insolent and arrogant attitude of the Jews in Danzig', and had appealed to the members of the party, especially the women, to have sufficient 'honour' not to help or give asylum to a Jew. On the 23rd and 24th October widespread anti-Jewish riots took place, shops and stalls being sacked and pillaged. The Government disclaimed responsibility, and a number of persons were punished. A Jewish deputation which waited on Herr Greiser, however, only received the answer that 'the aim of the State and the Party in Danzig is to synchronize entirely the national life and all life in Danzig with that of the Reich, even where this development goes beyond the Constitution. The Government will not be diverted

by anyone from this its direction.' A certain number of anti-Jewish measures were in fact enacted; these included the reservation of special hours for Jews in the public baths, the prohibition of night service for Jewish doctors and a special control over Jewish taxation returns. Further legislation was said to be in preparation.

In Poland the progressive Nazification of Danzig was watched without enthusiasm. The Press, in particular that of the Opposition, frequently expressed its misgivings; but the Government had adopted the attitude that so long as their rights, and those of the Polish minority in Danzig, were not infringed, what went on among the Danzigers themselves was no concern of Poland's. Thus the Polish Government's actual interventions during the year were confined to two occasions.

The first was in August, when the Danzig authorities by main force compelled a number of children to attend German schools, and arrested the parents who resisted this measure. The Danzig contention was that these were in reality German children, whose parents were employees of the Polish State Railways and had been unlawfully compelled by that body to send their children to Polish schools. On the 14th September the Danzig police arrested several members of the Polish postal service in Danzig, searched their mail and confiscated copies which they were delivering of certain Polish newspapers the circulation of which had been prohibited in Danzig. Both these incidents led to exchanges of diplomatic notes, but were smoothed over, as was the incident when the Polish authorities on the 15th June suspended the activities of the Verein Töchterheim Scherpingen, a Danzig institution the property of which lay in Poland.¹

The Polish minority parties, which at the beginning of May had formed a cartel 'in defence of their minority rights', were just be-

¹ Another question which generated much heat was only indirectly connected with Poland. The Catholic Bishop of Oliva, Monsignor O'Rourke, signed a decree on the 7th October endowing two Polish churches, which had been built at the expense of the Polish State but had been subordinate to Danzig churches, with the status of independent Polish 'personal parishes'—a peculiar institution of Canonical Law for meeting exceptional cases. Two Polish priests were appointed to serve the parishes. The Vatican had authorized this step, on the ground that there had hitherto been insufficient provision for the spiritual needs of the Polish community. The Danzig authorities, however, who were already discontented with the attitude of the bishop and perturbed by rumours that the Vatican proposed to abolish Oliva as a separate diocese and to incorporate it in a Polish diocese, chose to regard the matter as an attempt to Polonize Germans and as a violation of the Free State's right of patronage. Herr Greiser promptly ordered the decree to be suspended, and sent a vigorous protest to the Vatican. The decision of the Holy See had not been announced by the end of the year.

ginning fresh conversations with the Senate when the totalitarianization of Danzig was completed. Poland then sought and obtained an assurance that neither the prohibition of political parties, nor the compulsory enrolment of the young, applied to the Poles; and when a proposal to alter the Danzig flag to a swastika quartered with the Danzig arms had been dropped (it was said, on advice from Berlin), she made no further attempt to intervene. Herr Hitler, in his conversations with the Polish Ambassador on the occasion of the issue of the joint Minorities Declaration, specifically emphasized the point that developments in Danzig could not affect Polish-German relations; and Colonel Beck appeared to confirm his Government's acquiescence when he visited Danzig in the last days of December.

Whether this show of complacency covered a real satisfaction was more doubtful. The Polish Press had reported Herr Greiser as remarking, in connexion with the *coup* of October, that

the end of the road along which we are walking does not lie in Warsaw. It is to be found in quite another direction, the western direction. Our German fatherland gives us the guarantee that our seventeen years of suffering will not last much longer.

Against this there was an iron determination in Poland not to relax her hold upon Danzig. Whether, therefore, the liquidation of the previous arrangements had brought the two parties nearer a real agreement seemed very doubtful.

(v) The Danubian Countries

By C. A. Macartney

(a) THE DANUBE BASIN, 1937

The international situation in the Danube Basin was in 1937 even more obscure than usual. That area had always been distinguished by the rich multiplicity of its native problems; and the difficulties of the observer had been enhanced by the need to watch, not only the figures on the local stage, but also those more shadowy forms behind, which exploited them and in part dictated their movements. The task was not, however, superhuman so long as the external influences remained straightforward—straightforward, that is, in the qualified sense that the ambitions which were being pursued, however tortuously, were avowed and intelligible.

In 1937 this had ceased to be the case. There were still two main groups of outside influences, and the composition of the one was even simplified by comparison with previous years, since the U.S.S.R.,

greatly preoccupied with internal affairs,¹ played only a small part during the year, leaving France the chief supporter of the *status quo* and of the solidarity of the Little Entente.² But on the other side the operations of the quaintly named 'Rome-Berlin Axis' (defined in the dictionaries as a straight line) almost defied analysis; since the numerous fine words which coursed between its two extremes could not hide the truth that their interests in South-Eastern Europe were not identical, but opposite.

They were able to some extent to combine in their purely destructive work.³ They united, that is, in their efforts to destroy the Little Entente and to isolate Czechoslovakia. But even this policy, while directly serving the interests of Germany, implied for Italy a retreat. She advertised her treaty with Yugoslavia as a victory, and if she was not strong enough to destroy her eastern neighbour, it was clearly better to have her as a friend than as an enemy; but the guarded goodwill which she had secured was an unsubstantial morsel compared with the solid objects of her twenty years of intriguing—the annexation to herself of a substantial part of the Yugoslav territory, to be rounded off by handing over other fragments to a grateful Hungary, and leaving the remainder powerless for ever. Moreover, it required the utmost agility to reconcile her new friendship with Yugoslavia with her former patronage of Hungary.

Yet with Italy willing to withdraw to an inner line more in conformity with her real strength, and Germany prepared to yield second place to her in Yugoslavia and Rumania, the two states could to some extent harmonize their interests with regard to the Little Entente. In their dealings with Hungary this was already more difficult; in their relations with Austria, impossible. Here their interests were so clearly opposed that one or the other must yield; and here, again, Italy proved the weaker. Up to the end of the year, indeed, no sensational change had occurred; but it was plain to all observers that Italy was gradually giving way, and the larger developments of 1938 came as no surprise. In effect, then, the operations of 'the Rome-Berlin Axis' in 'the Rome Protocol' states resolved themselves in 1937 into a gradual weakening of Italy's influence in favour of Germany's, while Italy tried to recoup herself further east. The logical outcome would have been a complete regrouping of forces: Italy's adhesion to the *status quo* bloc, involving, perhaps, her abandonment of Hungary. For larger reasons this did not occur, but it might be said that the obvious difficulties of Italy's position went far towards nullifying her policy, and Germany's. Rumania and

¹ See pp. 11-22, above. ² See pp. 341-4, above. ³ See pp. 46-7, above.

Jugoslavia forbore to draw nearer to Czechoslovakia, but neither did they desert her. At the same time, the German pressure was not yet so intense as entirely to destroy the curious edifice of 'the Rome Triangle' and either to absorb Austria entirely and reduce Hungary to vassaldom, or to force either of them to the only way of escape left open: to fling themselves into the arms of the Little Entente. Thus the year ended, to outward appearance, as it had begun; but a step nearer to the inevitable moment when screens of words must be swept aside and real decisions taken.

(b) THE LITTLE ENTENTE

Where Czechoslovakia was concerned, the initiative on the part of the 'Axis' Powers was regularly left to Germany. Poland and Italy echoed her music faithfully enough, so that Monsieur Krofta was obliged to lament, in his *exposé* of the 21st May, 1937, that his country's relations with Poland showed no improvement, and to deplore the unfriendly attitude of the Italian Press; and when he spoke again on the 11th November, he could add nothing new in either case. As regarded the other members of the Little Entente, Germany was not entirely idle. She continued to cultivate her economic relations with both, and to finance a certain amount of Nazi propaganda—a procedure which (as described elsewhere¹) met with considerable success in Rumania, but was less fortunate in its results in Jugoslavia.² In the main, however, the leading part in the endeavour to disintegrate the Little Entente and isolate Czechoslovakia was left to Poland in dealing with Rumania and to Italy in dealing with Jugoslavia.

The prospects in each case seemed favourable when the year opened. With Monsieur Titulescu there had disappeared from the Rumanian Cabinet the man in it who had been prepared to condone Czechoslovakia's relations with the U.S.S.R. His successor, Monsieur Antonescu, while sensible of the advantages of the Little Entente as an instrument for effecting its original purposes, was sufficiently impressed by dislike of the Soviet system, and by fear of being drawn into the quarrels of others, to be strongly sympathetic to the very

¹ See p. 426, below.

² An organization set up in Zagreb under the name of the Technische Union for combining propaganda with business, the latter designed to strengthen the Nazi groups in Jugoslavia, lost much of its credit when it was revealed that one of its two directors, known to the world as Milan Danić, had begun life under the un-Aryan surname of Diamantstein (hardly atoned for by the impeccably Cheruscan fore-name of Armin), had been a friend and colleague of Bela Kun's, and had been in prison for fraud.

similar ideas of Colonel Beck, the more so as the considerable discontent which existed among the peasant masses in both countries made each Government particularly sensitive to the threat of Communist propaganda.¹ The end of 1936 had already seen the beginnings of an important revival of the Polish-Rumanian friendship,² which had grown chilly under Monsieur Titulescu. Visits to Warsaw by Monsieur Antonescu, Monsieur Constantinescu, the Governor of the Rumanian National Bank, and General Samsonovici, as well as the replacement of Monsieur Visoianu by Monsieur Zamfirescu as Rumanian Minister in Warsaw, were intended to mark the beginning of a new era, to which Colonel Beck made hopeful reference in his speech on foreign policy of the 18th December, 1936. The first practical fruits of the *rapprochement* had been the signature, on the 27th November, 1936, of an agreement on cultural co-operation and of two protocols relating to co-operation between youth organizations; and the exchange of ratifications of an agreement on the rectification of the common frontier which had been signed on the 17th May, 1935. Further discussions on cultural collaboration took place in Warsaw on the 18th March, 1937, when Monsieur Angelescu, the Rumanian Minister for Cults, visited that city.

The substitution of Poland for Czechoslovakia as Rumania's friend in chief was made all the easier by an unfortunate incident. In January 1937 Monsieur Šeba, who had been the Czechoslovak Minister in Bucarest since 1932, published a book (which received a prize from the City of Prague) entitled *Russia and the Little Entente in World Politics*. This work gave great offence in Poland and Rumania alike by the regrets which it appeared to express over the fact that Czechoslovakia and the U.S.S.R. did not possess a common land frontier; also by certain strictures, in which the author indulged, on the Rumanian social system, and on the conduct of the Rumanian Army during the War of 1914-18. Monsieur Šeba had to leave his post in consequence of the indignation aroused by his remarks.

This had not brought with it any overt rupture with Czechoslovakia; indeed, Rumania had meanwhile increased her dependence on her ally by raising, in January, an armaments credit of Kč500,000,000 in Czechoslovakia. Yet the tendency to strain at the leash was unmistakable, and caused jubilation among Czechoslovakia's enemies.

If Rumania dallied with new friends, Yugoslavia clasped them to her bosom. After the signature on the 24th January, 1937, of the new treaty with Bulgaria,³ Monsieur Stojadinović turned all his attention

¹ See p. 342, above.

² See the *Survey for 1936*, pp. 400-1, 524-5.

³ See *op. cit.*, pp. 512 *seqq.*

to building up those improved relations with Italy of which the foundations had been laid in the previous year. The details of this move—probably the most important made during the year in South-Eastern Europe—are described elsewhere;¹ here we will only repeat that the 25th March, 1937, saw the successful conclusion of a comprehensive political and economic agreement which left Yugoslavia on the best of official terms with her old adversary.

The repercussions of Yugoslavia's action were far stronger than those of Rumania. Under the terms of the Little Entente's own resolution of the previous year² Monsieur Stojadinović was, indeed, only acting within his rights; nor could either Czechoslovakia or Rumania openly object to Yugoslavia's being on good terms with her neighbour, a state with which neither of them had any official quarrel. Nevertheless, they were comprehensibly uneasy. In the Rumanian Senate Monsieur Jorga roundly accused Monsieur Stojadinović of having acted disloyally towards his allies in concluding the Bulgarian treaty without consulting them; but this was not so serious, in the eyes of either state, as the rumour that Yugoslavia was proposing to conclude a 'separate peace', under Italian auspices, with Hungary. A *rapprochement* had already occurred. Yugoslavia had granted a few concessions (rather, indeed, nominal than actual) to the Magyar minority in the Voivodina, while the tone of the Hungarian Press had grown almost cordial towards her. A bloc composed of Italy, Austria, Hungary, Yugoslavia and Bulgaria, supported by Germany, could clearly prove extremely dangerous to either Czechoslovakia or Rumania.

It was of interest that many persons in Yugoslavia itself shared these feelings. Public opinion in the country enjoyed little freedom of self-expression; but Monsieur Stojadinović was roundly accused in his own Parliament of betraying the Little Entente. These accusations, indeed, he repudiated strongly, remarking, quite reasonably, that he could not possibly have refused to take Italy's hand, if proffered in friendship, especially when the terms offered to him were so advantageous.³

Nevertheless, a situation had been created which lent an extraordinary importance to the meeting of the Little Entente Council

¹ See section (vii) of this part of the present volume.

² The resolution adopted at the meeting at Bratislava on the 13th–14th September, 1936, had announced that the threestates had decided to co-ordinate more closely their efforts to strengthen their security 'while continuing to maintain the relations of active and close co-operation which each of them had succeeded in establishing with other states'.

³ See also p. 471, below.

which opened on the 1st April at Belgrade. The discussions took place behind the scenes, but it became known that Czechoslovakia was putting forward a proposal, backed by France, for extending the existing limited obligations of the Little Entente to a general mutual guarantee in case of attack by any other Power. If this was done France, it was understood, was prepared to conclude similar treaties with Yugoslavia and Rumania; and it was now revealed that she had already made proposals along the same lines to both Yugoslavia and Rumania some months previously.

Neither country had at that time accepted the risk, and neither was ready to accept it now. In whatever form the proposal was made, it must have been refused; for the final *communiqué* made no reference to any extension of the Little Entente treaties, or of the alliances with France. The German and Italian Press commented on this with unconcealed satisfaction, openly describing the meeting as a major diplomatic defeat for France; and the rueful tone of French comment seemed to admit the justice of the description.

In almost all other respects, however, the meeting seemed to have passed off not so badly for France and Czechoslovakia. The *communiqué* (which was optimistic in tone and assumed that 'the worst period had been passed' in the international situation) affirmed the solidarity of the three states, their attachment to the League of Nations and to the principle of collective security, and their friendship for France, of whom separate and cordial mention was made. They refused to enter any 'ideological' bloc, and supported the principle of non-intervention in Spain. They expressed their hopes that the negotiations of the Western Powers for a new Locarno would prove successful.¹

As for Yugoslavia's treaties with Bulgaria and Italy, her partners put a good face upon these and 'noted them with satisfaction'. They also expressed their willingness to 'broaden and deepen their political and economic relations with other states, in particular with all their neighbours'. This was interpreted as an overture to Hungary. On the other hand, it appeared, and was proved by later events, that Yugoslavia had promised her allies not to seek any separate agreement with Budapest.

In general, the rest of the year proved much more satisfactory to Czechoslovakia than its opening had portended. The enthusiastic popular manifestations which greeted President Beneš when he visited Belgrade on the 5th-7th April,² and the hardly less enthusiastic reception on the 6th May of delegates from Prague and Bucarest who were

¹ See pp. 355-6, above.

² See also p. 480, below.

attending the first meeting of the Little Entente Parliamentary Union, showed that the old friendships were still the more popular. On the other hand, General Göring's visit to Bled in May evoked no transports of delight, and when Herr von Neurath came to Belgrade on the 7th June, the police had to disperse demonstrators against Germany and against the Nazi system.

Herr von Neurath's visit was diversely interpreted, some seeing in it an affirmation of 'the Rome-Berlin Axis', others believing that the one end of 'the Axis' was nervous lest the other should acquire an excessive influence. Germany's arrangements were demonstrative enough: from Belgrade Herr von Neurath was proceeding to Sofia and Budapest, and at the dinner given by the German Legation the only guests, besides Jugoslavs and members of the German colony, were Bulgars and Magyars. The *communiqué*, in speaking of an 'identity of views' between the two states, was not at all favourably commented on in France and Czechoslovakia; but the Yugoslav Press itself insisted that the visit was only one of courtesy, and that no new political engagements had been or would be undertaken. Similarly, when Monsieur Stojadinović paid a return visit to Berlin on the 15th January, 1938, although the atmosphere was extremely cordial, he did not, it appeared, commit himself to abandoning any old commitments or to undertaking any new ones—except, indeed, for the signature of a Press agreement similar to that existing between Germany and Poland. And although the reception accorded to Monsieur Stojadinović on his arrival in Italy on the 5th December, 1937, was even more splendid, the fact remained that in Rome, as in Berlin, no political concessions were extracted from him.¹

Meanwhile, Monsieur Stojadinović had visited Paris on the 12th October (where he had renewed for the second time the Franco-Yugoslav Pact of the 11th November, 1927), and had gone on to London for a couple of days; and when Monsieur Delbos reached Belgrade on the 12th December, in the course of his tour of East European capitals,² Monsieur Stojadinović, newly returned from Rome, was still able to speak of 'friendly and constructive collaboration between France and Yugoslavia' as 'the base-line of our foreign policy'.

Neither did Rumania move so far away from her old friends as had seemed likely. There was much talk throughout the year that Signor Mussolini was going to extend to Rumania the benevolence with which he had favoured Yugoslavia; but events proved the task to be somewhat beyond his powers. A skilled charioteer could drive Yugoslavia and Hungary in double harness; the two nations respected

¹ See also pp. 478-9, below.

² See pp. 340-5, above.

one another, and Hungary's losses to Yugoslavia were comparatively small in territory (since she had renounced Croatia-Slavonia) and likewise in Magyar population. On the other hand, the Magyar despised the Rumanian, the Rumanian hated the Magyar, and the ex-Hungarian territory allotted to Rumania at Trianon was actually larger than that left to Hungary, possessed an especial historical and sentimental value for Hungary, and contained a large Magyar population. Signor Mussolini's Milan speech on revision, of the 1st November, 1936,¹ had had an immense effect on Rumanian public opinion, and had been answered by the most vehement demonstrations. Its effect was very slow indeed to wear off, and although Italy was markedly more discreet during the year in her references to revisionism, and put herself forward as 'mediator' between Rumania and Hungary, she did not appear to have discovered how to square so uncompromisingly round a circle.

Moreover, Rumania was, as described, thoroughly annoyed over certain aspects of Yugoslavia's policy; and she was further disquieted by Herr von Neurath's action in visiting Belgrade, Sofia and Budapest in June. Finally, public opinion was considerably agitated during the spring by a *faux pas* committed (as described elsewhere)² by the German and Italian Ministers in Bucarest.

Things ran more smoothly between Rumania and Poland, and at first the *rapprochement* was pursued very actively. On his return from holiday-making in Cannes, Colonel Beck hastened to Bucarest, where he arrived on the 22nd April. A *communiqué*, couched in very warm terms, laid stress on the community of interests between the two countries, and announced their intention of increasing their co-operation in various ways, notably by the development of their mutual trade and tourist traffic, increasing cultural contacts, &c. On the 24th May the Crown Prince Michael passed through Warsaw on his return from the Coronation in London, and in his father's name invited the President of Poland to visit Bucarest. The President, with Colonel Beck and certain high officers in the Polish Army, was in Bucarest on the 7th-9th June, where they attended the celebrations in honour of the seventh anniversary of King Carol's return. The tone of the speeches and of the official *communiqué* was particularly cordial, and a section of the Rumanian Press warmly advocated closer relations still.

The *clou* of the whole affair was the return visit which King Carol paid to Poland from the 26th June to the 1st July. The keynote was martial. The King had long conversations with Marshal Smigly-

¹ See the *Survey for 1936*, p. 441.

² See p. 427, below.

Rydz, Inspector-General of the Polish Army, witnessed manœuvres with him in Poznań, went over the munition works at Rádom, and showered military decorations; while, immediately after the King's departure, the Chief of the Polish General Staff left for Bucarest 'in order to effect the practical realization of Polish-Rumanian military collaboration'.

To mark the sublimity of the occasion, it was announced that the Polish and Rumanian Legations in Warsaw and Bucarest respectively were to be raised to the rank of Embassies. The Polish Press did not conceal its belief that Rumania was about to follow Poland's example and develop her foreign policy along the lines of a 'neutral bloc'; but in fact this proved the climax, at least as regards 1937. It was reported that Colonel Beck, when in Western Europe, had received hints that a policy destructive of the Little Entente would be unwelcome to France and Britain. Poland, indeed, made something of a show of superiority to outside influences, even to those of France; yet she was unlikely deliberately to offend a friend whose favour she was at that very moment cultivating so assiduously. Rumania had to consider both France and Czechoslovakia; for, all else apart, she needed Czech help for the rearmament in which she was engaged; and, as already mentioned,¹ in January she had taken up an armaments credit of Kč500,000,000. Thus all her moves had been cautious, and each meeting with a Polish statesman had been accompanied by public assurances that Rumania contemplated no change in her foreign policy and would abide faithfully by her existing alliances. Specific statements in this sense were made by Monsieur Antonescu on the 20th April and the 20th May, and by the King himself on the 26th April. After Colonel Beck's second visit to Bucarest in June, Monsieur Hodža also journeyed to that capital, where he conferred with MM. Antonescu and Tatarescu, following which MM. Hodža, Antonescu and Stojadinović held a conference on the Danube on the 17th June. Although the *communiqué* then issued confined itself to generalities, the purpose of the meeting might be gathered from Monsieur Hodža's remark to a journalist that what the Little Entente needed was 'solidarity, solidarity and again solidarity'. Even when King Carol visited Warsaw, the Rumanian Press emphasized that Rumania's alliance with Poland was in harmony with the spirit ruling at 'the great institution of Geneva' and with 'the policy of international solidarity'.

Moreover, the decisions taken at Warsaw were not followed up with the *élan* which had accompanied the announcement of them.

¹ See p. 406, above.

Marshal Smigly-Rydz's visit to the Rumanian manœuvres was postponed; the guest of honour, on that occasion, was the French General Gamelin, who left Rumania on the 15th October bearing with him an assurance that France 'could always rely on the help of the Rumanian Army'. Nor was the decision to transform the Polish and Rumanian Legations into Embassies put into effect. It was said that when King Carol visited Western Europe in July he was informed that this decision, which would have given the Polish representative in Bucarest the precedence over all others, would not be generally welcomed; and, at a meeting of the Little Entente Council at Sinaia on the 30th-31st August, Rumania agreed not to move in the matter without consulting Czechoslovakia and Jugoslavia.

Finally, when Monsieur Delbos visited Bucarest on the 8th-11th December,¹ he received gratifying assurances of Rumania's friendship and loyalty. 'Perfect identity of views' was affirmed, and Monsieur Antonescu declared Rumania to be a 'partisan of collective security'—which must, however, mean the same thing in Eastern Europe as in Western.

Thus the year passed off much better for Czechoslovakia and France than had seemed likely at the outset. The meetings of the Little Entente Council at Geneva on the 27th-28th May, at Sinaia on the 30th-31st August, and at Geneva again on the 27th September were unsensational. It is true that neither Rumania nor Jugoslavia was prepared to undertake fresh commitments. If, as was reported, Czechoslovakia again brought forward the French mutual-assistance plan at Sinaia, her partners must have rejected it. But in the negotiations with Hungary, which were the chief subject of all these meetings, the three states acted in concert; and in general they maintained their adherence to the League of Nations and to the principle of collective security.

A minor, but not unimportant, advance was the establishment in April of a Military Council of the Little Entente, with King Carol as its President. Whether the future would be equally smooth seemed doubtful. In Jugoslavia, Fascist and Nazi propaganda made small headway and the Opposition seemed less enamoured than the Government of Germany and Italy.² In Rumania, on the contrary, the Right Radical Opposition, which was hostile to France, the Little Entente and the League, and favoured a 'totalitarian' system within the country, supported by alliances with Germany and Italy, had been growing rapidly, and won important successes in the elec-

¹ See also p. 341, above.

² See also pp. 479-80, 484-5, below.

tions held at the end of December.¹ The fears which this process had awakened seemed confirmed when the King entrusted the Government to the leader of one of the Right Radical groups. A gratifying surprise followed, for the new Premier and Foreign Minister, in contrast to their previous utterances, began by following a strictly traditional foreign policy. The future, however, remained very uncertain.

In one respect, Germany and Italy had certainly scored successes. Throughout the year Monsieur Hodža worked industriously to strengthen the economic ties between the Little Entente states. The Economic Council of the Little Entente held two meetings, in February at Dubrovnik and in October at Trenčianské Teplice, and on the latter occasion it expressed satisfaction at the growth of trade between the three partners. There were several meetings of experts, who discussed such problems as the establishment of a common equalization fund, the mutual grant of exchange facilities, co-operation between central banks, veterinary questions, transport facilities, &c. But neither Yugoslavia nor Rumania was prepared to take any step detrimental to its trade with Germany and Italy, which was of great importance to both countries. Yugoslavia, in particular, had gained the promise of large advantages from her agreement with Italy,² and although the readjustment of Italy's trade relations with Hungary, on which her concessions to Yugoslavia partly depended, was not begun until the late autumn, Yugoslavia's trade with Italy rose quickly during the year. Her commercial relations with Germany also remained extremely important, although not without their difficulties; in the spring she took drastic steps to reduce her credit balance in that country.³

At the Sinaia meeting it was semi-officially announced that Yugoslavia could expect no greater advantage from a new Danubian plan than she already enjoyed through her bilateral treaties with Italy and Germany. Rumania, with whom also Germany placed large orders, adopted much the same attitude.

Neither did it prove possible to extend the scope of the Little Entente, even in the economic field, to other states. Relations between Austria and Czechoslovakia were, indeed, uniformly good throughout the year. The Austrian Press steadfastly refused to join in Germany's attacks on Czechoslovakia, and welcomed warmly the references made by Monsieur Hodža, in a newspaper interview which he gave in February, to Danubian co-operation. On the 26th March

¹ See also pp. 428-9, below.

² See pp. 475-6, below.

³ See p. 462, below.

Monsieur Hodža himself visited Vienna, and was believed to have urged his plan for Danubian co-operation; and a considerable party in Austria, headed by the Burgomaster of Vienna, Herr Schmitz, and including also the Monarchists, the high clergy and other of the extreme anti-Nazi elements, were said to favour a reorientation of Austrian policy to the Paris-Prague line. For such a bloc to be at all stable, however, the inclusion of Hungary was essential, and there were as yet no signs that either that country or Czechoslovakia was willing to make the large political sacrifices necessary for establishing Hungaro-Czechoslovak friendship. The interests of Czech and Slovak Agrarians, and, to a lesser degree, of Hungarian industrialists, stood in the way even of economic concessions, except on a very minor scale; and a new commercial agreement initialled between Hungary and Czechoslovakia on the 9th September abode by the restrictive principles of its predecessor, only slightly enlarging some of the quotas. After Dr. von Schuschnigg's meeting with Signor Mussolini on the 22nd April it was announced that Italy was ready in principle to concede the extension of the Rome Protocols to other states, but reserved the right to examine each particular case. The *communiqué* added that the Danubian question could not usefully be settled without Germany. Germany's attitude had been made clear in the previous year, when she had exercised her right under the most-favoured-nation clause to veto the special bilateral preferences contained in the Austro-Czechoslovak commercial treaty of the 2nd April, 1936.¹ Clearly Austria could not defy both Italy and Germany, if they chose to co-operate. During the rest of the year Dr. von Schuschnigg boldly asserted his right to cultivate friendly relations with Czechoslovakia and even met Monsieur Hodža again in September, almost simultaneously with the more widely advertised encounter of the Duce and the Führer in Berlin;² but things did not go beyond affirmations of friendliness; Austria clearly could not commit herself to any definite step.

In the autumn, negotiations took place between the Little Entente and Hungary. These, however, although both sides expressed a desire that their relations should be 'normalized', were the symptoms less of a *rapprochement* than of the recognition that certain aspects of the situation had become intolerable with the passage of time. Standing apart from the general development, they are described separately. Moreover, they had produced little appreciable result by the end of the year.

¹ See the *Survey for 1936*, pp. 439-40 n., 449.

² See pp. 333-5, above.

(c) THE NEGOTIATIONS BETWEEN HUNGARY AND HER
NEIGHBOURS

The negotiations between Hungary and the states of the Little Entente which took place during the autumn of 1937 were almost without relation to the events described above. They were widely hailed by optimists in the West as marking the beginning of a consolidation of Central Europe; but while it is undeniable that a desire was present on both sides for what was called 'normalization' of relations, essentially the question was simply one of readjustment to an altered situation in which each party, while maintaining its general point of view (irreconcilable with that of the other) abandoned certain untenable positions.

The negotiations arose out of what proved to be much the least important of the questions at issue: Hungary's right to equality of armaments. This right had been accorded in principle to all the 'ex-enemy' Powers in 1932;¹ in view of which fact, and of the unilateral action subsequently taken by Germany and Austria, the Little Entente could hardly deny Hungary's moral right to have this decision of principle translated into action. But while they had been forced to stomach Germany's action, and had not particularly minded Austria's imitation of it, they were determined to prevent Hungary from following suit except in return for some abandonment of her political claims to treaty revision.

No Hungarian Government, however, could possibly renounce those claims. Moreover, Hungary regarded her right to equality in armaments as absolute, and not as a thing to be bartered. On the other hand, she saw that, given the existing balance of forces, she could not openly defy the Little Entente; and if time had been on her side on the armament question, in other respects it was working against her. Not only her political revision claims, but her interests and sympathies also, were centring increasingly on the Magyar minorities beyond her post-war frontiers; and every year found the position of these minorities weaker. In Yugoslavia they had been crushed at the outset. In Czechoslovakia they had been much more humanely treated, but the 1930 census had revealed that—owing in part precisely to the comparative moderation of Czech policy—assimilation, or re-assimilation, had progressed to an extent most alarming for Hungary. Now in Rumania the Government and the people seemed to be preparing a concerted drive against the cultural and economic positions of the largest of all the Magyar minorities. Mean-

¹ See the *Survey for 1932*, pp. 288-9.

while the efficacy of the League as a protector of minorities was growing less year by year.

Even apart from the purely political consideration that the minorities constituted in the eyes of the outer world—and, to an increasing extent, of her own younger generation—the chief justification for her revisionist claims, Hungary could not look unmoved on the sufferings of her kinsfolk. A way out of the deadlock on the rearmament question seemed therefore to suggest itself; she could not formally abandon her claims to revision, but she could 'put them into cold storage' and moderate the references to the subject in her own Press in return for a promise of real improvement in the treatment of the minorities. Here, too, she was on strong ground morally; for she was asking for nothing more than the fulfilment by her neighbours of their contractual engagements in the form of the Minority Treaties.

But, once again, the Little Entente considered that any undertaking given by them must be in return for some effectual guarantee by Hungary; nor was their position quite without moral strength, since it was notorious that Hungary had in practice long since divested herself of any international restrictions on her armaments.

During the early part of the year, the two parties had got as far as stating their respective claims to the world, but not to each other. Monsieur Darányi stated Hungary's requirements—equality of rights in armament, without counter-concessions, and application of the minority treaties 'in a spirit of understanding and appeasement'—in a speech to his party on the 26th January, 1937, and again, in almost identical language, in his Szeged speech of the 18th April. For the Little Entente, Monsieur Krofta declared on the 21st May that his group was prepared to come to an agreement with Hungary on the question of her rearmament. At the same time, when rumours became current that Monsieur de Kánya, in the *exposé* of Hungarian foreign policy which he was billed to make on the 26th May, was going to announce Hungary's unilateral denunciation of her military servitudes, the representatives of the Little Entente, then assembled at Geneva, let it be known that they were ready to take counter-measures. It was said that Czechoslovakia would openly relieve herself of the prohibition against fortifying her bridge-head opposite Bratislava, and that Rumania would stop the payments due on certain sequestered properties.

M. de Kánya, however, simply restated the two demands already laid down by Monsieur Darányi, though it is true that he emphasized that these were absolute and that no counter-concessions could be considered, unless within the framework of the Rome Protocols. He

also accused the Little Entente, in unusually forceful language, of itself 'attacking the central pillars of the Treaty of Trianon' by arming to the teeth, in direct contradiction to the League Covenant, and by violating and sabotaging the minority treaties. Nevertheless, he announced his Government's serious intention of further seeking a *rapprochement*. In fact, the revisionist campaign in the Hungarian Press was noticeably damped down during the summer, while the Little Entente states appeared anxious to respond as far as they could. An important influence was Italy's mediation in the easiest of the cases, that between Hungary and Yugoslavia. She had induced Yugoslavia to make a few concessions to her Magyar minority, while the tone of Hungarian references to Yugoslavia grew almost cordial. Poland was said to be influencing Rumania in the same direction.

The first direct conversations came in August, when Monsieur Bárdossy, the Hungarian Minister in Bucarest, came to Sinaia during the meeting of the Little Entente and held conversations with the three Foreign Ministers. Although no immediate result was achieved it was felt that the deadlock was no longer absolute, and that it was worth while entering into further conversations in Geneva in September.

These proved disappointing. It was stated that an agreement had been reached in principle on the question of Hungary's rearmament, and a formula found to meet the case, on the basis of an assurance by Hungary that her rearmament was not directed against her neighbours,¹ if her neighbours would give the required guarantee respecting the minorities. It was here that the negotiations broke down. Czechoslovakia and Yugoslavia could have given an assurance which Hungary would have accepted; but the difficulties with Rumania proved insuperable. In view of the state of public opinion, and with a general election imminent, no Rumanian Government could allow themselves the luxury of a concession to their minorities, and Rumania was at last forced to propose the adjournment of the conversations until after the elections, which were to be held just before Christmas.² Meanwhile, Hungary let it be understood that she would abstain as long as possible from any unilateral action, and would try to solve the question by peaceful agreement.

¹ The *Reichspost*, on the 18th November, 1937, reported Monsieur Krofta as saying that Hungary would have been ready to sign a declaration which would have included 'the assurance of a mutual pact of non-aggression'. But other accounts did not report Hungary as having offered, nor, indeed, the Little Entente as having required, so far-reaching a concession. Monsieur de Kánya, in his later *exposés*, did not suggest that Hungary had modified her original policy on this point.

² See pp. 428-9 below.

The results of the Rumanian elections did not seem particularly promising for the future of the negotiations. The situation was, however, so fluid as to make prophecy impossible.

(d) THE GROWTH OF RUMANIAN NATIONALISM

In 1918 Rumania already had behind her more than half a century of life as a fully independent sovereign state, and for nearly as long she had enjoyed the blessings of a highly democratic Constitution. A parliamentary system closely modelled on that of Great Britain allowed a Conservative and a Liberal Party to succeed one another in office. But there were circumstances which made the resemblance with Britain only skin-deep. The position of the peasantry, even after their liberation by Prince Cuza from technical serfdom, remained excessively miserable. But the beneficiaries of the peasants' toil—the great landowners, or 'boyars'—were at least themselves Rumanians; for the law forbade the ownership of land by any but a Rumanian citizen. It was otherwise with the second of Rumania's great national resources, her oil-deposits, which were very largely owned by foreign capital, and even worked by foreign engineers and technicians. The same was the case with a high proportion of all the more important industrial and financial enterprises in Rumania, while most of the smaller businesses were in the hands of an element which the Rumanians stubbornly persisted in regarding as equally foreign: the Jews.

Even before the War, the Jewish question in Rumania had been one of the country's most burning problems. While what later became Rumania had undoubtedly harboured a Jewish population of sorts since early days, it is as certain that the number of Jews there had increased with extraordinary rapidity since the end of the eighteenth century, and that this had been due largely to immigration (sometimes undertaken to escape military service, sometimes on account of the prevalent ill-treatment) from Russia. In 1918 the number was estimated by Rumanian Jewish writers at 250,000, and this was probably an understatement. These Jews were chiefly concentrated in Moldavia, where many of the towns had a Jewish population of 30 per cent., 40 per cent. and even more. The Rumanian psychology refused to admit these elements as 'Rumanian', and both political parties were united on the policy of refusing Rumanian citizenship, not only to the refugees, but also to Jews born on Rumanian soil who should by law have acquired Rumanian nationality automatically. Although obligations to afford the Jews both citizenship and equal treatment had been imposed on Rumania by the Congress

of Berlin, she had evaded them stubbornly and ingeniously, and up to 1918 most of her Jewish population had been still without any legal status and subject to many restrictions.

The other side of the medal was that in spite, or perhaps because, of these restrictions the Jews in fact controlled most of the wealth of the country, apart from the land, and although the Jewish masses lived in great destitution, the average income of the Rumanian Jew was much higher than that of the average Rumanian.

Even before the War, Rumanian public opinion had revolted against what it felt to be the subordinate position occupied by the Rumanians in their own state. An almost continuous agitation had gone on against the exploitation of the country's resources by foreign capital. The anti-Jewish feeling had been universal; and in 1910 a specifically anti-Semite Party, entitled the 'National-Democratic Party', had been founded by MM. Jorga and Cuza with the object of 'eliminating the Jews and developing the creative forces of the Rumanian'.

Her territorial acquisitions under the Peace Treaties more than doubled Rumania's Jewish population. The Bukovina, Maramureş and Bessarabia contained Jewish percentages comparable to those of Moldavia, while Transylvania and the Crişana contained smaller, but still considerable, numbers. The question of citizenship thus became very important. The Powers forced Rumania, in her Minorities Treaty, to accept an obligation to recognize as Rumanian citizens, *ipso facto* and without further formality, Jews inhabiting any Rumanian territory and not possessing another nationality; and Rumania in fact enacted legislation conferring citizenship on many of her Jews. Her laws were, however, more restrictive than the Powers had intended, and many Jews in Rumania remained stateless. In addition, it is certain that many Jews entered Rumania during subsequent years, from the Soviet Union, Hungary, Poland and, after the triumph of National Socialism, from Germany, by buying the easy acquiescence of the Rumanian officials. It was round these late-comers that much of the subsequent controversy turned; the Rumanians—except the most extreme groups—alleging that such measures as they took were directed only against the 'foreigners', who had no legal right in the country; while the Jews maintained that, by chicaneries of various kinds, the authorities were forcing into the position of 'foreigners' many Jews who had a legal right to Rumanian citizenship. The estimates given in the Press of the numbers of the 'foreign' Jews ranged from 350,000 to 800,000, and even the smaller of these figures undoubtedly exaggerated the extent of

the influx ; but that there had been an influx, on a scale much larger than the Jews themselves admitted, is more than probable.

But now, after the Peace Treaties, the Jews were no longer the only large non-Rumanian element in the country. In the newly acquired territories the Rumanian element seldom exceeded 55 or 60 per cent. of the total ; and the remainder was invariably better situated, economically, culturally and socially, than the Rumanians. In Bessarabia, the landowning and official class were predominantly Russians and Poles ; in Western Transylvania, Magyars. In the Banat, in the old Sachsenboden of Transylvania and in the Bukovina there were prosperous German towns and peasant holdings ; even in the Dobruja the Turks, Tatars and Bulgars composed the more prosperous element. The position of the Rumanians offered, generally speaking, a dismal contrast. There were Rumanians who had achieved a certain prosperity ; there were non-Rumanians in plenty who lived in dire poverty ; but, broadly speaking, it was true that, by comparison with at least the more important of the alien nationalities, the Rumanians everywhere formed a national proletariat.

It was natural and inevitable that Rumanians should desire to see their own people promoted from this position of almost universal inferiority ; and attention centred on this problem more readily because the counter-irritant of irredentist feeling had been removed by the generosity of the Peace Conference with regard to Rumania's frontiers. Ever since 1919, therefore, the ordinary political struggle within the country, the usual social contest between capital and labour, between town and country, had been paralleled by a second movement, the lines of which partly cut across the other : the revolt of the Rumanians against the non-Rumanians.

In this latter movement the struggle against foreign exploitation in the true sense of the word became less important. Rumania was in no position to offend irrevocably those whose hands held the purse-strings. The Liberal Party was far more chary than most Governments in Eastern Europe of seeking loans abroad, and adopted certain measures nominally directed against foreign capital ; but in general it was amenable to devices which eschewed extreme rigour in their application. But when any measure against foreigners was enacted, in most cases it was really aimed against the national minorities in general and the Jews in particular ; and, most of all, against those Jews who, either justly or unjustly, had been refused Rumanian citizenship.

In the anti-minority drive there were two elements, which sometimes appeared as distinct, while at other times they were com-

pounded. The general movement was most active where the minorities were strongest, and was directed, with a certain impartiality, against them all. Its first manifestation was the agrarian reform, which was applied, indeed, throughout the whole kingdom, and against all large landowners, but hit the minorities hardest, as the chief losers and the smallest beneficiaries. This measure once enacted, the movement died down for a decade or so. Minority officials were steadily replaced by Rumanians, minority schools closed, and minority businesses placed at a disadvantage compared with Rumanian; but there was no steady or systematic drive until about 1931, when the onset in Rumania of an acute economic depression coincided with the emergence from the new Rumanian Secondary and High Schools of the first generation (first, that is, in the acquired territories and disregarding the few *alumni* of pre-war days) of young Rumanians with a bourgeois education behind them and ambitions towards a bourgeois standard of living in front of them.

For these younger men, the pace at which their elders had proceeded had been far too slow. Some of the older Rumanian politicians had genuinely attempted to act justly towards the minorities; others had lived in awe of the League of Nations and of the Powers with which Rumania had, most unwillingly, concluded her Minorities Treaty; others, for solid reasons, had winked at evasions of their own laws. Moreover, with their greater industry and experience, the non-Rumanians had taken better advantage of the opportunities which came their way than had the Rumanians themselves. Thus, while the minorities lamented a decade of material and moral losses, to the young Rumanians the same years looked like a period during which nothing had been done to lift them up from the position of a national proletariat. They felt ripe for revolt.

Neither of the two great political parties which had developed out of the post-war chaos was willing to make anti-minority legislation a plank in its programme, but in 1935 Monsieur Vaida Voevod, a former Prime Minister and one of the leaders of the National Peasant Party, having failed to persuade his party to adopt his ideas, split off and formed a group of his own under the title of the Rumanian Front. His programme included social and agrarian measures, and was strongly anti-Communist; but his main catchword was the introduction of the '*Numerus Valachicus*', i.e. the establishment of an equitable proportion between Rumanians and non-Rumanians in the public services and in all branches of economic life which were of national importance. While Monsieur Vaida's own programme read equitably enough, the minorities declared that

it would, and many of his followers intended that it should, be used exclusively to reduce the position of the minorities where they were strong, but by no means to reinforce it where they were weak.

Although not entrusted with office, Monsieur Vaida by his agitation forced the Government, if they would preserve their popularity, to intensify their own pressure on the minorities. The ejection of members of the minorities from the public services was accelerated, and devices were adopted for inducing businesses to employ a higher proportion of ethnic Rumanians. A law for the defence of national labour had already been passed in 1934, providing that 50 per cent. of the directors, managers, &c., and 80 per cent. of each of the other categories of employees, of all firms carrying on business in Rumania must be Rumanians. According to the law, 'Rumanian' meant here 'Rumanian citizen', irrespective of his ethnic origin, but it was widely understood and applied in the sense of 'ethnic Rumanian', to the exclusion of national minorities.

In 1937 the Government let it be known that they were preparing a much more radical measure, to be enacted by emergency decree, i.e. without debate or vote by Parliament. The first draft of this measure, the author of which was Monsieur Pop, the Minister for Commerce and Industry, was believed to provide that all undertakings should employ 85 per cent. of ethnic Rumanians. The Bill was modified in Committee, in the sense that, in enterprises the capital of which was wholly or mainly domestic, at least 60 per cent. of the directors and managers and 75 per cent. of all other employees must be ethnic Rumanians; the remaining 40 per cent. and 25 per cent. might be made up from the national minorities of Rumania. In undertakings the capital of which was overwhelmingly foreign, a maximum of 40 per cent. of the directors and managers and 20 per cent. of the higher staffs might be foreigners; for the remainder of the employees the proportions must be those laid down for enterprises working with domestic capital. The restrictions were not applicable to undertakings in which only members of the proprietary family were employed. On the other hand, the Ministry of Commerce was empowered, after consultation with the Ministry of National Defence, to prescribe other proportions for undertakings connected with national defence. The remaining clauses of this long Bill were mostly concerned with the elaboration of safeguards (which experience had shown to be not unnecessary) against evasion, and penalties for infringement, of its main provisions.

On the 10th May, 1937, a Government decree was issued ordering all persons who proposed to start, reopen or move factories or work-

shops to inform the Ministry of 'the obligations which they propose to undertake as regards the personnel employed by them'.

The major decree was still under consideration when inspired forecasts of its provisions appeared in the Rumanian Press. A storm of protest arose from the minorities, headed by the Germans; while the Hungarian National Party, in memoranda addressed to the Minister President and the Foreign Minister, intimated that they would if necessary appeal to the League of Nations.¹ When, in September 1937, Monsieur Pop circularized all firms asking them whether they would agree to employ 50 per cent. of ethnic Rumanians in their higher staffs and 75 per cent. in other categories, the Hungarian Party put this threat into effect. The Secretary-General of the League granted the appeal 'urgency' procedure, and a Committee of Three met and requested information from the Rumanian Government. It received the reply that the question was no longer 'actual', since the provisions of the circular would not be carried into effect. In fact, firms were not required to answer the circular, and the projected legislation was shelved also.

Thus the League had scored one of its rare successes in minority protection, and the immediate threat to the economic position of the minorities was averted. But the renunciation had been due only to the forces of outside pressure (which was probably not unwelcome to the Liberal Party) and of circumstance.² It did not mean that the Rumanian people had finally renounced its intentions regarding the minorities. These had become an article of faith among large circles, for many of which the Government's proposals had been far too moderate.³ No Rumanian Government dependent on popular favour could henceforward afford to leave the minorities secure.

¹ The German party had, in return for certain favours, undertaken not to appeal to Geneva.

² It was said that preliminary inquiries had revealed that the ranks of the ethnic Rumanians were still unable to provide the requisite managerial and skilled labour.

³ For example, the Federation of Rumanian Free Professional Associations had at its general meeting in May 1937 adopted a resolution calling, *inter alia*, for:

(1) Application of the ethnic principle in all professions, and establishment of means of assuring the development and well-being of the Rumanian element.

(2) Conversion of the foreign capital invested in Rumania, especially in the large industrial and financial concerns, into Rumanian capital.

(3) Revision of all post-war naturalizations.

(4) Revision of all post-war diplomas entitling their holders to practise a profession.

The Federation of Secondary School Teachers, at its annual meeting, demanded, *inter alia*, that the state schools should be staffed exclusively by

The 'Numerus Valachicus' agitation had certain indirect consequences of importance. One was that it weakened the Liberal Party, from whose ranks a part of Monsieur Vaida's following was drawn; another, that it made any political agreement with Hungary exceedingly difficult. For the Magyar minority was one of the chief objects of the assault; and Hungary, in her negotiations with the Little Entente, made it one of her conditions that the Magyar minority should enjoy proper protection;¹ but in face of public opinion no Rumanian Government could give assurances of the sort demanded by Hungary.

A third point was that the position of the German minority was threatened quite as much by this particular agitation as that of the Magyars or the Jews. Perhaps more: for the Germans had in the course of many centuries developed a closed national economic system of banks, co-operatives, &c., purely German in organization and devoting much of their profits to German social and cultural objects. To reduce the proportion of Germans in these enterprises to 10 per cent. or 15 per cent. would have meant inflicting ruin on the whole economic, social and national life of the Germans.

Meanwhile the traditional anti-Semitism had been advancing along its own, somewhat different, path. Immediately after the War Monsieur Cuza set himself at the head of a revived anti-Semitic movement, composed largely of students. In 1923 this was formed into a 'League of National Christian Defence'. It made slow progress at first; but in 1924 one of its younger leaders, a man of mixed Ruthene and German origin who had assumed the name of 'Codreanu', achieved a *succès fou* by murdering the Prefect of Police of Jassy and another official. 'Codreanu' was acquitted, and the movement received a vast impetus. In 1926 the League had ten deputies in Parliament.

In 1927 the movement split. The more moderate wing, under Monsieur Cuza, subsequently amalgamated with another group under the Transylvanian poet, Monsieur Goga, to form the Christian National Party. 'Codreanu' remained leader of the extremists, organized in a Legion known as the Archangel Michael, and a storm troop called the Iron Guard. Both of these were forbidden in 1931, but the prohibition was rescinded, and in 1932 'Codreanu' had five deputies in Parliament. In 1933 the Iron Guard was again prohibited, whereupon three of its members murdered the Minister for

Rumanians by race, the Jewish and minority teachers now employed being instantly retired; and that in the Confessional Schools the 'national' subjects (Rumanian language, history, geography and civics) should be taught exclusively by Rumanians by race.

¹ See pp. 415-16 above.

the Interior, Monsieur Duca. The organization was now dissolved, but it reconstituted itself, practically unaltered, under the nominal leadership of General Cantacuzenu and the name of 'All for the Fatherland'.

Much of 'Codreanu's' strength was due to his appeal to what was best in Rumanian youth: his insistence on work, discipline, mutual help and brotherly love; his repudiation of the inefficiency and, above all, the corruption of the older generation of politicians, and also his disregard of the regional particularism which still constituted a barrier between Rumanian and Rumanian. Like other leaders of his day, however, he found it impossible to avoid the dialectical approach. Exaltation of Rumanian nationalism involved fanatical repudiation of Communist, and other, internationalism; love of Rumanians required the fiercest hatred of Jews; a desire for discipline meant a rejection of 'democracy' and 'liberalism'. Although his programme was fairly extensive, and its central principle, according to him, that of Christian love, what chiefly characterized it to the outer world and popularized it in Rumania was its uncompromising anti-Semitism. Towards the Jews he nourished a mystical and superstitious hatred resembling that of Herr Streicher. His solution for the Jewish question, as he told an interviewer, was to eliminate the Jews from Rumania altogether. They were to be conducted to the Black Sea; some could go on that water, the rest should go under it.

While always putting the Rumanians first, he was not equally hostile to the other national minorities of Rumania. In so far as they were 'potential irredentists', he envisaged precautionary measures against them, but the groups which threatened neither Rumania's integrity nor her moral atmosphere were assured a place in his sun. Indeed, the more fanatical wing of the German minority of Rumania, 750,000 strong, which had itself recently gone Nazi, was in 1937 almost popular with the 'All for the Fatherland'.

The programme of MM. Cuza and Goga is best described as a diluted version of that of 'Codreanu'. There was the same mystical anti-Semitism, buttressed with Biblical quotations; the same solution by elimination, only this was to be effected by simple expulsion. The National Christians were not men of violence; on the other hand, their appeal lacked something of their rivals' moral fervour.

Both parties had contrived to get at loggerheads with the Liberals, although the National Christians had not carried their antagonism to the length of shooting Liberal Ministers. They had, moreover, been at pains to cultivate the friendship of the Court, while the 'All

for the Fatherland', although Monarchist on principle, had incurred the hostility of influential persons in Court circles.¹

What made the growth of these movements a matter of international concern was their influence on Rumania's foreign political outlook. The Liberal Party, even in pre-War days, had been traditionally Francophile; and after the disappearance of the Germanophile Conservative Party, which ceased to be a force when the agrarian reforms destroyed its main supporters, the big landowners, it had come to determine Rumania's sympathies in foreign politics. Rumania's consequent Francophile policy was challenged only upon the rise of the groups of the Radical Right, whose authoritarian tendencies, their fanatical anti-Semitism, and their identification of the Soviet system with a world conspiracy of dark, subterranean forces, made of them the predestined accomplices of Signor Mussolini and, above all, of Herr Hitler. Herr Hitler's advent to power in Germany brought with it an immediate strengthening of the extreme Right movement in Rumania. This was partly due, no doubt, to like causes producing like effects, partly to the encouragement which the Rumanian adepts must have felt at seeing doctrines similar to their own promoted to the dignity of being the orthodox creed of a great country. But the two movements were not only parallel. Germany saw in the Rumanian Right a means of strengthening her influence in the Danube Basin, of weakening the Little Entente and of isolating Czechoslovakia. German emissaries visited Rumania, and participated in local activities with a fervour which sometimes outran discretion. It was widely believed that the Third Reich lent more than sympathy; in 1936 Monsieur Mihalache, the National Tsaranist (Peasant) leader, stated publicly that he had definite evidence that 60 Rumanian newspapers had been receiving subsidies from Berlin.

The chief obstacle to complete accord was the support which Germany, and still more, Italy, had been giving to Hungary. In August 1936, however, Monsieur Goga visited Berlin, shortly after which, on the 19th November, Herr Rosenberg published an article, which attracted much attention, stating that Hungary's revisionist ambitions were no concern of Germany's.² It was believed that Monsieur Goga had received definite assurances to the effect that Germany would not support Hungarian revisionism against a Rumania of the Right. Italy was, of course, far more deeply committed to Hungary, not to mention Bulgaria, and this was probably the chief reason—Italy's notorious shortage of foreign exchange may have been a con-

¹ See also p. 429 below.

² See the *Survey for 1936*, pp. 461, 468-9.

tributary cause—why the connexions of the Rumanian Right Radicals were less intimate with Italy than with Germany. In spite of this, Monsieur Goga did not conceal his sympathy for Fascist Italy; as for 'Codreanu', he announced that in foreign policy he was against France, against the League of Nations, against the U.S.S.R., against the Balkan Entente and against the Little Entente; and that if he came into power, he would within forty-eight hours conclude alliances with Germany and Italy.

Thus the internal political development of Rumania was at the same time a struggle between opposing tendencies in foreign policy; and to the rival policies represented by Monsieur Tatarescu and the Liberals on the one hand, Monsieur Titulescu and the National Tsaranists on the other, was added the third, fundamentally different, policy represented by the Radical Right. To France, the pro-German sympathies of the Right were naturally even less sympathetic than Monsieur Tatarescu's flirtations with Poland and with isolation. She had succeeded in 1934 in preventing the Germans of Rumania from organizing themselves openly as a Nazi community—a victory more nominal than real; she undoubtedly put heart into the Liberals in their resistance to their own Right Radical elements, which, from having been very spineless at first, grew perceptibly stiffer in 1937.

The beginning of 1937, indeed, saw a certain set-back in the extremist movement. In 1936 Monsieur Stelescu, one of 'Codreanu's' followers, had split off and formed a rival organization known as the 'Rumanian Crusaders'. His murder when he lay sick in hospital did not strengthen either movement. In February the 'Fascist' Powers overreached themselves. Two members of the Iron Guard had been killed fighting for the Nationalists in Spain. Their bodies were brought back to Bucarest and on the 13th February given a pompous funeral, at which thousands of 'Codreanu's' followers attended, wearing the proscribed green shirts. The German and Italian Ministers, with the Portuguese *Chargé d'Affaires* and a representative of the Polish Youth Organizations, attended the funeral, which developed into a great political demonstration. The Rumanian Centre and Left were highly indignant. There were angry interpellations in both Houses, and Monsieur Tatarescu used energetic language, saying that 'there is a principle which no one can ignore: that the representatives of foreign states must not participate in any way in the manifestations of internal politics'. Protests were lodged in Berlin and Rome, and it was rumoured that the two Ministers were to be recalled. The incident was ultimately smoothed over, but it left a legacy of resentment.

On the 23rd February the Rumanian Cabinet was reconstructed. The Ministers for Justice and for the Interior, who had been suspected of undue sympathy with the Right, were relieved of their posts,¹ and Monsieur Tatarescu announced that extremist excesses would be punished 'with the full force of the law'. Immediately afterwards, however, it was discovered that four Iron Guard students had abducted and tortured the leader of the Liberal students; and on the 1st March others assaulted and stabbed the Rector of the University of Jassy. The Government now took strong measures; all students' hostels were closed, pending reorganization in a new system; students were forbidden to take part in politics; the law prohibiting the wearing of Party uniforms was made more stringent; all secret lodges and organizations were disbanded; and an appeal was issued to the Patriarch to punish clergy participating in campaigns of hate.

Although 'Codreanu' dissociated himself from this particular crime it lost his organization a good deal of popularity. At the local and municipal elections in June the extremists made a poor showing—as, for that matter, did the Rumanian Front. The two most popular parties, by far, were the Liberals and the National Tsaranists. When the time came at the end of the year for holding general elections (the term of the Parliament having expired) it seemed natural to suppose that one or the other of these would take office.

There were, however, complications. Given the peculiar methods characteristic of Rumanian elections, it was generally assumed that the Government in power during the elections would also be that emerging victorious at their end. The real decision, therefore, lay in the appointment, by the King, of the Government that was to carry the elections through. The Liberal Party, after its long term of office, was itself prepared to give way to the National Tsaranists, whom the local elections had shown to be probably the most popular party in the country. It contained, however, two unwelcome figures: Monsieur Titulescu (a recent recruit) and Monsieur Maniu, between whom and the King deep differences existed. The Party refused to drop Monsieur Maniu. The King therefore asked Monsieur Mihalache to form a Government, but imposed the condition that he must collaborate with Monsieur Vaida Voevod. On his refusal, the King again entrusted Monsieur Tatarescu with the mandate. Monsieur Tatarescu secured the support of the Rumanian Front, Professor Jorga's National Democrats and the German Party; but the Oppo-

¹ They became Ministers without portfolio, and left the Government altogether in April.

sition also made its arrangements. The National Tsaranists, the 'All for the Fatherland' and Monsieur Bratianu's Dissident Liberals formed a bizarre alliance; and the elections, held on the 20th December, produced the unexpected result that the Government failed to secure that 40 per cent. of the total votes which, under the Rumanian electoral law, would have secured them a 50 per cent. bonus of seats and a safe majority. The coalition obtained only 37·9 per cent. of the total votes; the National Tsaranists, 20·4 per cent.; the 'All for the Fatherland', 15·6 per cent.; the National Christians, 9·2 per cent.; the Magyars, 4·4 per cent.; the Dissident Liberals, 3·9 per cent.; and the Radical Peasants, 2·3 per cent.

What made King Carol entrust the Government to Monsieur Goga must remain a matter of conjecture. The results of the elections had certainly emphasized the relative unpopularity of the Liberals. Personal differences separated the King from the National Tsaranists, while the 'All for the Fatherland', although Monarchist on principle, had attacked certain personalities standing very near to His Majesty, and had criticized him publicly in the previous April for excluding Prince Nicholas from the Royal Family. He may have felt that Monsieur Goga, while representing a general trend which the elections had shown to be popular in the country, would yet be forced by the relative weakness of his declared supporters into some degree of amenability; in a significant interview with a foreign correspondent, he declared that on the day when he did not approve of the Government's foreign policy, he would 'require a change', but that Rumania's foreign policy did not affect her internal policy.

At all events, political developments after Monsieur Goga's appointment moved on very strange lines. A certain number of measures on approved Nazi lines were enacted. Several Jewish and Liberal newspapers were suppressed; Jewish households were forbidden to employ non-Jewish female servants of less than 45 years of age; it was announced that all grants of naturalization made since 1928 would be revised; Jewish innkeepers' licences were withdrawn; Jews travelling abroad were not allowed foreign currency. Further anti-Semitic measures were forecast. These measures were hailed with delight in Germany, and a swarm of German and Italian journalists descended jubilantly on Rumania. Monsieur Goga's sympathy with his 'ideological' cronies was shown also in his warm telegram of greeting to Signor Mussolini, in his intimation that Rumania was likely to recognize Italy's conquest of Abyssinia, and in certain linguistic concessions made by him to the German minority.

On the other hand, he and his Foreign Minister, Monsieur Micescu,

showed a quite unexpected Conservatism in the main lines of their foreign policy. The most cordial telegrams were sent to Prague and Belgrade; one was even addressed to Moscow. Monsieur Goga announced that he was not going to break any of Rumania's old alliances; Monsieur Micescu protested his devotion to Rumania's allies and to the League of Nations; and he proved this by visiting Belgrade and Prague on his way to the one hundredth session of the League Council (at which he was to represent the Little Entente). Here the heartiest greetings were exchanged, Monsieur Micescu assuring the gratified Monsieur Krofta of his complete solidarity with both the methods and the aims of the Little Entente.

These declarations, which were received with extreme delight in Prague and Paris and with corresponding reserve in Berlin, were partly due, no doubt, to pressure from France—who had, it was reported, threatened to stop credits and deliveries of munitions if Rumania's foreign policy proved displeasing to her.¹ Generally speaking, however, they were hardly explicable except on the theory that King Carol had decided to keep the conduct of foreign policy firmly in his own hands, and that his views on the subject were substantially those of Monsieur Tatarescu, if not of Monsieur Titulescu. If both these suppositions were correct, France and Czechoslovakia could rest less uneasily than they had thought to do; for King Carol, besides the strong position in which the Constitution had placed him, possessed a strong following in the Army; and if 'Codreanu' was the idol of the young men, King Carol, through his special patronage of the Boy Scouts and similar organizations, had won much popularity among a still younger generation.

Nevertheless, the situation in Rumania was still obscure and doubtful at the beginning of the year 1938. It remained true that parties which favoured abandoning France and the Little Entente and joining hands with Germany and Italy had secured a quarter of the country's total votes, against strong administrative pressure; and though Rumania had been kept within the Western fold for the time being, it seemed open to question whether this position could be maintained permanently.²

¹ Britain and France also made a joint friendly intervention, with reference to Monsieur Goga's anti-Jewish measures, to remind Rumania of her obligations under the Minorities Treaty.

² On the 10th February, 1938, Monsieur Goga resigned, and on the following day a provisional Cabinet of Concentration was formed, under the leadership of the Patriarch of Rumania, Dr. Christea, with the mission of freeing the administration from party politics and adapting the Constitution to meet the actual needs of the country. These events and their sequel fall outside the scope of the present volume.

(e) THE ROME TRIANGLE

If the position of the Little Entente was often uneasy during the year, that of the 'Rome Triangle' was no less so. The problems of its two Danubian members had come increasingly to resemble one another. In Austria the struggle between the two factions of the population, the one supported by the Reich, the other by the various outside influences interested in Austrian 'independence', had long been the avowedly paramount issue of political life, to which all others were subordinated. In 1937 the German question had come to overshadow Hungarian politics hardly less completely.

In this, the question of the German minority in Hungary played only a minor part. The Press of those circles in Germany which particularly occupied themselves with the problems of *Auslandsdeutschum* from time to time expressed dissatisfaction with the cultural position of the Hungarian Swabians; and these utterances, and, more particularly, the indiscreet behaviour of the German tourists who were too fond of circumperambulating the Swabian villages and exhorting their inhabitants to be true to their *Volkstum*, provided ammunition for the Hungarian Press, and particularly for that large section of it which was owned and written by Jews. But neither Government was anxious to make a serious issue out of the affairs of this small peasant minority. For Germany, to do so might have run counter to her more ambitious schemes; for Hungary, it would have been too dangerous. The German Press campaign was never organized or intensive, and its demands were easily satisfied.

On the 15th July Monsieur Széll, the Hungarian Minister for the Interior, made an official statement emphasizing the loyalty of the German minority in the past and its good relations with the Magyars—who, he said, had never attempted to assimilate it. The minorities had always enjoyed complete legal and economic equality with the Magyars. The principle of Hungary's minority policy was to afford the German or other minorities rights as full as she would wish Magyar minorities outside Hungary to enjoy. It followed that there was no need for Hungary to amend her minority policy; but if 'irresponsible attempts' to thwart the Government in these intentions were detected they would be severely punished. This applied particularly to scholastic questions. The Government would not tolerate any attacks on the cultural and linguistic liberty of the German and other minorities.

On the next day Herr Hess replied expressing Germany's satisfaction with this declaration, and with the prospect that the German minority would henceforward enjoy, not only political freedom and

economic equality, but also the possibility of 'unrestricted cultural development'. In these circumstances the minority might form 'a bridge between the two peoples'.

A section of the Hungarian Press suggested, indeed, that Herr Hess had read into Monsieur Széll's words rather more than their author had meant; but the two declarations certainly cleared the air. The attacks on Hungary in the German Press diminished, the protestations of good will in Hungarian official circles multiplied. When MM. Darányi and de Kánya visited Berlin in November, the question does not appear to have given rise to any serious disagreement; indeed, in the toasts exchanged on that occasion, the German minority was hailed as a pledge for the friendly relations of the two states and as a bridge between them.

It must, indeed, be remarked that little was done during the year to bring this problem, in itself, nearer a solution. The Hungarian Government performed a friendly gesture in January 1937 when it released Dr. Basch before his sentence had expired¹ and remitted altogether that which had been passed on his assistant, Herr Rothen. Reassuring statements of the Government's good intentions were made by Monsieur Darányi on the 26th January, by the same speaker and others during the Budget debate in May, and by Monsieur Széll on the occasion already referred to. But in point of fact the minority received only very minor cultural concessions in the course of the year. Some small improvements were introduced in the training of German teachers in elementary schools, but little or nothing was done to put into effect the Government's own decree of December 1935 for extending the instruction in minority languages in the minority schools.² Other practices to which the German minority took exception, such as the pressure to Magyarize surnames, continued unrelaxed; and there were even signs in certain districts of a new movement to prevent land from passing into the hands of the German peasants. The determination of the Government to allow the minority, as such, no political representation was emphasized at a by-election in the summer in Bonyhád, a German district, where much pressure was brought to bear to secure the election of a Deputy of German origin, but of entirely Magyar sentiments, against a rival candidate put up by the extremist German group. Thus the question was rather shelved, by mutual agreement, than solved. In any case, it was not the major point at issue. This was rather the question of German and Nazi influence among the Magyars themselves.

¹ See the *Survey for 1936*, p. 465 n.

² *Op. cit.*, p. 466.

As in Austria, so in Hungary, the question was partly one of domestic and partly one of international politics. Viewed from the latter angle, the lure of an open pro-German orientation lay in the fact, plain to all, that if any Power was ever going to help Hungary to achieve revision, this would only be Germany. The attraction was powerful, and those to whom it appealed could urge that Hungary, at the worst, could lose to a German national state nothing more than a narrow strip on her western frontier—a small thing compared with what she might hope to win.

The other party feared, not only that Germany might betray Hungary as cynically as Italy was doing—in this connexion Herr Rosenberg's article¹ had had a deep and, for Germany, most unfortunate effect—but also that Hungary would become an economic and political vassal of Germany: gaining little, losing much.

But the crux of the question was that both parties associated it with domestic politics. The adoption of a pronouncedly German orientation in foreign policy involved, in the eyes of both its advocates and its opponents, the adoption also of at least a part of the Nazi system and ideas, while a rejection of these ideas necessarily implied a refusal to link Hungary's fortunes too closely to those of Germany in the international field also. Thus the population of Hungary found itself divided into two camps, for and against Germany, largely according to whether they approved or rejected the Nazi tenets. In the one camp were the men of authority and action, army officers and military-minded civilians; students (in large numbers) and impoverished intellectuals; young idealists, dazzled by the power and energy of the Third Reich; a not inconsiderable body of Hungary's most unfortunate class, the small-holders or rural proletariat, who saw in the Nazi system the only hope, since the decay of Bolshevism, of bringing about revolutionary changes in their lot; and, last but not least, the anti-Semites. These should perhaps hardly be classed as a separate category; for in a country with so high a Jewish population as Hungary few non-Jewish breasts would be wholly innocent of anti-Semitic feeling, and the anti-Semitic side of the Nazi programme was certainly that which exerted the widest appeal throughout Hungary.

On the other side were ranged a hardly less incongruous band: the Jews themselves, with all the immense power which their virtual control of Hungarian finance and commerce, and their preponderant position in the Press, assured them; orthodox Social Democracy; the Churches, both Catholic and Protestant; the champions of the

¹ See p. 426, above, and the *Survey for 1936*, pp. 461, 468-9.

traditional Hungarian Constitutional Parliamentaryism; and finally those who, whatever their sentiments on other questions, felt instinctively that Europe held no danger so formidable as that of German penetration was to the very existence of the Hungarian people. The division between these two great groups was hardly less violent in Hungary than in Austria.

The rapid growth of pro-German and Nazi influence during 1935 and 1936 had been indisputably due in large part to the personal policy of the late Premier, General Gömbös, a man whose origin, career and mentality alike made him sympathetic to these tendencies. General Gömbös's sudden and premature death¹ seemed, therefore, to the more moderate fraction of the Government Party, not to be an unmixed misfortune; and they breathed more freely when they had secured the appointment as his successor of Monsieur Darányi, a moderate and conciliatory man not suspected of 'totalitarian' or dictatorial leanings; more freely still when, on the 1st February, 1937, Monsieur Kozma, one of General Gömbös's intimates, was relieved of his duties as Minister of the Interior, and was subsequently replaced by Monsieur Széll, a representative of the moderate wing.

In the event, the 'Nazi peril' occupied a far more prominent place in Hungarian affairs under Monsieur Darányi than it had under General Gömbös, owing mainly to two causes. One, which might even imply some diminution of the danger itself, was the simple fact that the death of the pro-German Premier had made it safe and even fashionable publicly to champion 'constitutionalism' and 'democracy'. But in another direction the threat had really increased for the curious reason that, whereas General Gömbös had kept all threads in his own hands, after his death the minor aspirants raised their heads, each competing with the rest for the favour of the Reich, and each agog to prove by his vigour and enterprise his fitness for the post of Führer.

These ambitions were not confined to the political parties openly modelled on the German pattern, numerous as these were. In view of their individual weakness,² their propensity to mutual strife—which was mitigated, it is true, by the amalgamation of seven of them on the 16th October into a single 'Hungarian National Socialist Party'—and the political immaturity of some of their leaders, Hungarian public opinion did not, on the whole, take them very seriously;

¹ See the *Survey for 1936*, p. 464.

² At a by-election in the summer the Nazi candidate polled only 164 votes out of a total of 5,261 cast, and forfeited his deposit.

and in fact, although on two occasions—in April, and again in October—these parties attempted *coups d'état* (the leader of the latter adventure proclaiming the Regent, to his profound embarrassment, King of Hungary), these movements were easily suppressed. The real danger was always felt to come from the Nazi-minded wing of the Government Party itself. At the end of February the leaders of the main Opposition parties informed the Government of the existence of a wide-spread plot to form 'cells' in the police, the army and the administration with the object of securing the appointment of a Nazi Government. The moving spirit in this plan was said to be Monsieur Béla Márton, formerly Secretary of the Government Party. The Government preserved extreme discretion, but certain members of the police, and some army officers, retired or were transferred soon after. Public opinion was not, however, reassured—the more so since it was common talk that persons sympathetic with Nazi tendencies occupied some of the very highest positions in the state.

The details of these plots and counterplots, however, belong to the history of Hungarian internal politics, and need not be retailed here; but it is important for the understanding of the international situation to realize the ferment in which they kept Hungarian public opinion, and the fear of and antipathy to Germany which they aroused among those who did not favour them. For no one believed the movement to be a growth entirely native to the Hungarian soil. Literature emanating from the 'Fichtebund' and other German sources reviling the Jews and exalting Germany circulated widely throughout the country, especially in West Hungary. The Nazi Press, which at one time boasted no less than forty-three organs, seemed unaccountably prosperous by comparison with the paucity of its subscribers; German tourists and 'Wandervögel' found it remarkably easy to obtain foreign exchange for a visit to Hungary; Hungarian seasonal labourers and students visiting Germany were exposed to batteries of organized propaganda. On one occasion a painful sensation was caused when a student, who had returned from one such visit, hanged himself; it was said that he had been hounded to death by his companions for having objected to the teaching offered him in Germany. More sensational still were the rumours which connected the name of Herr von Mackensen, the German Minister in Budapest, with Monsieur Márton's activities. Although these were denied, it was a fact that Herr von Mackensen, who was on leave when the revelations were made, did not return to his post.

As both official and sincere defenders of Hungarian independence, Monsieur Darányi and his supporters were in a difficult position. Many reasons made it impossible for them officially to *brusquer* Germany: the feeling in their own country, and this in some of its highest places; their economic dependence on Germany; the practical impossibility of doing anything which looked like strengthening the *status quo* Powers; the insincerity of Italy's attitude. They were forced to steer a cautious course, and this they did with much skill. In his Budget speech on the 12th May Monsieur Darányi allowed himself some fairly plain words to the address of the Reich on the subject of mischief-making newspapers and of illegitimate interference by one country in the affairs of another. When he visited Berlin with Monsieur de Kánya in November, he was said to have renewed his protests and to have received satisfactory assurances from General Göring. At the same time, every public pronouncement on foreign policy emphasized Hungary's cordial feelings for Germany and rated these second only to her devotion to 'the Rome Triangle'. The frequent official visits—Herr von Neurath's to Budapest in June, General Blomberg's on the 28th June–1st July, General Röder's to Berlin on the 20th April and MM. Darányi's and de Kánya's on the 21st–25th November—were always cordial in tone. Some of the visitors may even have desired closer bonds between the two countries. Hungarian official policy, however, while friendly, was cautious, and no fresh commitments were undertaken. MM. Darányi and de Kánya returned from Berlin without having adhered officially either to 'the Rome-Berlin Axis' or to the Anti-Comintern Pact. Germany, it was believed, had desired both these gestures of Hungary, but she did not press her point on that or on any other occasion. Germany was, it appeared, content to remain, as regards Hungary, the more distant end of the 'Axis'.

This moderation on the part of official Germany greatly simplified Hungary's relations with Italy, which were marked throughout the year by every outward sign of cordiality. These rose to a climax when the King and Queen of Italy, with Princess Maria, Count Ciano and other notabilities, visited Budapest on the 19th–22nd May. Every official statement of policy during the year described the Rome Protocols as the basis of Hungarian foreign policy. In this respect, Hungary's position was unchanged,¹ and requires no detailed description. Nevertheless, even if she could stomach Italy's reconciliation with Jugoslavia,² she found her former friend's advances to Rumania

¹ See the *Survey for 1936*, p. 439.

² See section (vii) of this part of the present volume.

less palatable; and although statesmen and the Press remained discreet, the general public freely expressed its doubts of Italy's value as a protector. Even the economic value of her patronage seemed likely to diminish in consequence of the revision of the Rome Protocols; the new commercial treaty signed on the 19th November abandoned the 'Brocchi' system of export credits which had been introduced in 1932, and Italy did not take up her option on the Hungarian exportable surplus of wheat, amounting to 600,000 doppelzentner.¹

For differing reasons, therefore, Hungary could not regard with unalloyed satisfaction either of her two powerful friends, and there were signs towards the end of the year that she would have welcomed some small abatement of the dual courtship, had she known whither else to turn. In this, again, her position resembled that of Austria. The independence of Hungary was at least not directly or overtly threatened. This could hardly be said of Austria. The agreement with Germany of the 11th July, 1936,² had momentarily relieved the situation, and Austria had amnestied no less than 18,684 Nazis—a figure which revealed how full her prisons must have been previously. But already in January 1937 the German Press was resuming its attacks. It represented the Austrian Government's refusal to take Nazis into the Cabinet as a breach of their undertaking to carry out a 'Germanic' policy, and the Austrian Press answered with equal acerbity. The difficulty of the position was revealed by the fact that no sooner did the Government lighten their pressure, however slightly, than a whole series of societies of hardly concealed Nazi tendencies sprang up, the most important of which was the Ostmärkischer Volksverein in Graz, patronized by Colonel Glaise-Horstenau, the Minister for the Interior, and devoted to 'filling the Austrian people with the German national spirit'. In this case the Supreme Court actually overrode a prohibition issued by the Chancellor's own office. Plans were also put forward to found an all-embracing 'German People's Social Union' to unify the various organizations. In a speech to the Vaterländische Front on the 14th February Dr. von Schuschnigg firmly opposed these plans, saying that the 'Front' was the only authorized body for the expression of the Austrian people's political will. German indignation at the Chancellor's attitude was enhanced by a sudden recrudescence of

¹ This, however, caused no immediate difficulties. Hungary was able to place her wheat elsewhere, and Italy took larger quotas of Hungarian cattle in the new treaty.

² See the *Survey for 1936*, Part III, section (iv) (a) (4).

Monarchist propaganda. The Austrian Monarchist societies, a somewhat varied band, composed some of their internal differences during January and embarked on an intensive propaganda campaign at home and abroad. The Press of the Reich took up the question with its usual lack of moderation, to which the Austrian Chancellor replied, in his speech of the 14th February, that the question of Austria's form of state was one to be solved exclusively by her own people, through her own Constitution. At the same time, he warned the Monarchists that although Austria would revive and foster respect for her historic traditions, there must be no rash experiments. The Monarch must not enter by the back door. The Monarchists must work for the realization of their aims through the Vaterländische Front. The atmosphere thus created was not favourable for the visit which Herr von Neurath paid to Vienna on the 22nd-23rd February—the first official visit of a German statesman since 1931. It was not improved during the visit by the noisy demonstrations of a large band of Austrian Nazis, or by the numerous arrests made by the police. Little was revealed of what Dr. von Schuschnigg and Herr von Neurath said to each other, but neither party went out of its way to express satisfaction with the results.

The Austrian Chancellor required all his courage, for it was on this occasion that the first clear indication appeared of a change in Italy's attitude. As recently as the preceding November, Italy had officially taken up the attitude that a Hapsburg restoration was an internal question for Austria's own decision.¹ On the 26th February Signor Gayda wrote an article in the *Giornale d'Italia* stating plainly that the question was not *actuelle*, and that it would be dangerous to raise it. A second article in a similar vein followed on the 2nd March. Italy's opposition—to which was added that of Czechoslovakia and, especially, Yugoslavia—put an end to any plans which may have existed for a Monarchist *coup*. (The Archduke Otto had appeared on the Austrian frontier on the 23rd February.) But Italy's *volte-face* (in spite of the possibility that Yugoslavia, not Germany, may have been the Power whom Italy was chiefly concerned to placate in this particular case) was profoundly disappointing to many Austrians, who saw themselves abandoned to their fate. This was probably the chief motive behind the display of sympathy in February and March, in many circles in Austria, for a Franco-Czech orientation. At the same time Nazi activity in Austria increased; and to this the Chancellor replied on the 20th March by himself taking over the portfolio of public security, previously held by Herr Neustädter-Stürmer, who

¹ See the *Survey for 1936*, p. 411.

had recently belied his original reputation as an anti-Nazi, and had in particular sponsored the 'German People's Social Union'.

The situation was thus disturbed and obscure by the 22nd April, when Dr. von Schuschnigg at last paid his visit—more than once postponed—to Signor Mussolini in Venice. The *communiqué* issued on this occasion was more than usually colourless, but from well-informed sources the results of the meeting were reported to have been particularly disappointing for Austria. Signor Mussolini was believed to have told Dr. von Schuschnigg that Italy still had a paramount interest in Austrian independence, but the official *communiqué* did not mention the word 'independence', and the Duce was believed to have said that he would not again intervene directly to stop a move by Germany. So, too, Signor Gayda was reported by a journalist as having said that Italy 'would not dream of acting permanently as Europe's gendarme on the Brenner'. Italy would not, it appeared, even double-cross Germany; for just before the visit further articles unfavourable to a Hapsburg restoration appeared in the Italian Press, while one result of the meeting was, as already mentioned, to nip in the bud the tender shoot of Austro-Czech co-operation.¹ One of Signor Gayda's articles emphasized the difficulties of an understanding between the Rome Protocol states and the Little Entente, owing to Czechoslovakia's anti-German attitude. More sensational still was another article by the same journalist announcing, as one result of the meeting, that Dr. von Schuschnigg had agreed to include the Austrian Nazis in the Vaterländische Front as a first step towards direct participation in the Government. Dr. von Schuschnigg denied this promptly and vigorously, and a semi-official *démenti* had to be issued in Rome itself.

The impression made in Austria by what leaked out regarding the Venice conversations—from Signor Gayda's pen and through other channels—was painful, and relations between Austria and Italy were far from cordial during the rest of the year. The popular temper was shown by the fact that the two countries were unable (not, indeed, for the first time) even to play each other in peace at football. One match, in Vienna, was broken off owing to the ferocity of players and crowd, while the return match, in Genoa, was cancelled and the Austrian team ordered to leave the country. In the autumn the value of Italy's protection was further reduced by the weakening of her economic position. A new Austro-Italian commercial treaty was signed on the 30th November. As in the new Italo-Hungarian treaty,²

¹ See p. 414, above.

² See p. 437, above.

the special export bonus was suppressed, and Italy—whose debit balance had by now exceeded the considerable figure of £2,000,000,¹ while her stock of Austrian bonds, the sale of which had largely enabled her to finance her purchases, was nearly exhausted—was obliged to reduce substantially her purchases from Austria. A revision of the Rome Protocols was announced for the spring.

With Italy refusing to lend any active support of her own, and at the same time thwarting the efforts of others, the difficulties of the Austrian Government might seem formidable indeed. It was surprising in the circumstances that the régime survived the turn of the year. Yet the temporary situation was not entirely unfavourable. Germany was preoccupied elsewhere, and had, after all, signed an agreement in 1936 to respect Austria's independence. Western Europe was not wholly to be ignored. Moreover, the Italian protectorate had always been intensely unpopular in Austria, and its weakening probably made it easier for the Chancellor to rally the forces of resistance in the country itself. He set about this task with great vigour, concentrating chiefly on strengthening the Vaterländische Front. In his speech of the 14th February² he had made it clear that the Vaterländische Front alone was empowered to express the political will of Austria, and that the well-wishers of Austria must co-operate in and through it. In the summer a Sturmkorps was created on the lines of the Nazi S.A. The real function of the corps was to meet the Austrian Nazis on their own ground and with their own weapons. Young men carefully picked, of impeccable loyalty and physique, were given attractive uniforms, and in August the Vienna group made a propaganda tour round Austria. During the autumn, demonstrations were carried out in Wels, Graz and Villach. On the 18th September new measures were announced at a Front rally in Innsbruck. It was there announced that the movement already numbered nearly two million adherents, and that in future, as from the 1st November, fresh applications for membership would be severely scrutinized. The Secretary of the movement also stated significantly that there would be a purge among existing members, implying that the Government felt strong enough to dispense with those who had joined it from expediency rather than from conviction.

The Government succeeded also in maintaining a tolerable relation with the Austrian Monarchists. A few weeks after his Vienna speech

¹ Austria's exports to Italy had risen from 174.9 million lire in 1933 to 566.6 million lire in the first eleven months of 1937, while Italy's exports to Austria had risen in the same period only from 131.4 to 244.7 million lire.

² See p. 437, above.

of the 14th February, Dr. von Schuschnigg had returned to the question in a speech at Eisenbach, in which he maintained that the existing form of state offered an escape from the imagined antithesis 'Hapsburg or Hitler'. In a Legitimist rally held on the 19th November Herr von Wiesner referred to negotiations between Prince Fürstenberg and the Vaterländische Front, as a result of which the Monarchists had agreed to work for their objects 'within the framework' of the Front, which welcomed their co-operation. The unpopularity of the Reich Government's campaign against the Churches was another strong factor which helped to draw together the Conservative elements in Austria, and to strengthen the Chancellor's position.

The Government still rested on a very narrow basis, for little was attempted, and less achieved, towards securing the support of the working classes. Although the old Social Democrat leaders had clearly lost some of their hold, the masses were, at best, indifferent to Dr. von Schuschnigg's régime. Yet there were few signs of open hostility, and this large section of the population remained on the whole neutral in the political struggle between Austria and the Reich which dominated Austrian politics throughout the year.

It soon became clear that the July Agreement had not secured a peace—hardly even a temporary truce. Although Germany had pledged herself not to support the Austrian Nazis, she made scarcely a pretence of honouring her word; Captain Leopold, the unofficial Austrian Nazi leader who claimed to be Herr Hitler's adviser, came and went openly, and reports of his doings in Germany appeared in the Berlin Press, to the embarrassment, it was said, of Herr von Papen, whose two visits to the Führer in May and June were believed to have been designed to explain the difficult position in which Captain Leopold's activities involved him. Demonstrations began to multiply again in the late spring, and on the 1st June Dr. von Schuschnigg, speaking in the Federal Diet, openly accused Germany of violating the agreement, declaring that his Government possessed documentary proofs of this. He added that so long as he remained Chancellor he would never admit a Nazi into his Cabinet. A few days later a group of Nazis was arrested for plotting against the Chancellor's life. One of them, named Woitsche, had kept a diary, and his trial, which opened on the 22nd June, provided sensational revelations of Nazi plotting in Austria and of the conspirators' relations with the Reich. In this connexion the Government agreed to adopt a new and more stringent law for the Defence of the State, although at the same time they made a concession by appointing Dr. Seyss-Inquart, a Catholic of so-called 'pronouncedly national tendencies', to the

Council of State and another, Dr. Pembaur, as '*rapporteur* on racial questions to the Vaterländische Front'. In this ungenial atmosphere, the mixed German-Austrian delegation which was due to meet on the 23rd June to discuss the working, the shortcomings and the possible extension of the July Agreement had an unenviable task. First the meeting was postponed to the 6th July. On the 9th July the German delegation threatened to break off proceedings on account of attacks in the Austrian Press; peace was only painfully patched up by Herr von Papen and Dr. Seyss-Inquart. On the 12th July it was announced that the two countries had agreed on a 'Press truce', but this had no effect whatever. The only practical result of the meeting was a permission for *Mein Kampf* to be sold in Austria—a concession which itself led to fresh local disturbances.

The position grew worse rather than better in the autumn; but the chronicle of demonstrations, acts of rowdyism, arrests and mutual vituperation would burst the bounds of this volume. There was this to be said, that murder was now less frequent; the culminating outrage of the year was an orgy of window-smashing in Vienna on the 16th December. Twice the Austrian police discovered secret Nazi printing presses; the director of one of them committed suicide. By contrast, the Government allowed Captain Leopold to open, unmolested, a Brown House in Vienna.

The July Agreement seemed, in fact, doomed to break down over a fundamental difference of outlook. Austria had agreed to follow a policy based on recognition that she was a 'German' state; and so long as Germany insisted on identifying 'German' with 'Nazi', while Austria refused to do the same, this part of the agreement was valueless. From this point of view Germany's unremitting complaints against Austria were probably justified, for the Government resolutely refused to make any concession to their own Nazis. Further '*rapporteurs* on racial questions' were appointed to the provincial Diets in the autumn, but their duties were not closely defined nor, it seemed, onerous. Meanwhile the Chancellor continued strictly to insist that Austria would 'go the German way', but this as she conceived it and in her own time, and that the sole vehicle of political expression in the country must remain the Vaterländische Front. Thus the year ended with Austria still independent indeed, but with her position undeniably weakened by Italy's defection, and with all her problems unsolved; she had not come a step nearer to a real understanding either with the Reich or with her own Nazis.

The position was, as has been said, curiously similar to that in Hungary; and it was not surprising that, of all countries, Austria's

relations with Hungary, and Hungary's with Austria, were the most genuinely cordial. When Dr. von Schuschnigg visited Budapest in March, the 'primordial unity of destiny' of the two countries was a theme of all their friendly exchanges—a pleasing touch, for these were the very words most in vogue in Germany for depicting the relations of the two German states. This initial exchange of courtesies was followed at the beginning of May by a state visit to Hungary of President Miklas, accompanied by the Austrian Chancellor and Foreign Minister. The Press of both countries made much of the 'ideological identity' of the two countries and of their readiness to co-operate in Central Europe. In the summer several members of the Hungarian Cabinet spent their holidays in Austria, and on the 21st–23rd October Dr. von Schuschnigg was again in Hungary, ostensibly on a private visit.

On all these occasions it appeared that Austria was acting, as far as she could, as mediator between Hungary and the Little Entente; but, pending the problematical success of such efforts, Austria and Hungary showed a clear tendency to draw together for mutual comfort, and even to continue to display a certain independence. This was conspicuous at a meeting of the Rome Protocol states which was held at Budapest on the 10th–12th January, 1938. The meeting was preceded by the grant of a most interesting interview by Dr. von Schuschnigg to *The Daily Telegraph*, in which he said that Austria could never introduce a 'dictatorship', spoke of the 'absolute abyss' separating Austria from Nazidom, denied that Austria was 'drawn in Italy's wake', advocated co-operation in Central Europe, and said that Austria had an independent mission and would never permit herself to be reduced to the status of a second Bavaria. The Austrian Chancellor and Monsieur Darányi held private consultations before Count Ciano's arrival, and followed at Budapest a policy which was concerted and surprisingly independent. The chief success scored by Italy was that her two protégées announced their intention of recognizing General Franco's Government in Spain. On the other hand, while they expressed sympathy for the collaboration between Rome and Berlin, they did not join 'the Axis'; while they asserted their resolute horror of Communism, they did not join the Anti-Comintern Pact; they noted the reasons which had led Italy to leave the League, and agreed that if it took on the character of an 'ideological grouping' they would have to reconsider their relations to it, but they did not leave it.

In return, Austria was assured that Italy fully understood her German policy, and Hungary that Italy was convinced of the justice

of her claim to equality in armaments. A reference was made to the desirability of an understanding between Hungary and Rumania. On the other hand, no mention was made in the *communiqué* of Austria's 'independence'.

It was difficult for any impartial observer to share the views dutifully expressed in the German and Italian Press that these results constituted a success either for Italy or for Germany. To most, they appeared rather to be a delicate but decided snub. Perhaps Germany herself was not so well satisfied as she pretended. At all events, the following weeks saw the inauguration of a new Nazi campaign against Austria. The record of this campaign, which culminated in the events of the 11th-12th March, 1938, must be left to the next volume of this *Survey*.

(f) CZECHOSLOVAKIA AND GERMANY

The fixed star in the Central European firmament was Czechoslovakia. So long as she continued to see her safety in the principles of collective security and in her alliance with the U.S.S.R., Germany's policy was to refuse any compromise with her and to subject her to unrelenting attacks. The question which loomed largest was that of the situation of the German minority in Czechoslovakia, the details of which are described elsewhere.¹ Although admitting by implication Czechoslovakia's claim that this question was an internal affair of her own, and abstaining from official intervention, Germany carried on, through her Press and in other ways, a continuous agitation against Czechoslovakia's policy on this question which, in combination with the very real support that she was unofficially according to Herr Henlein's party, helped both to increase the difficulties of reaching a settlement of the question itself and to keep the tension between the two countries unrelaxed. But the alleged oppression of the Sudetendeutsche was only one of the sticks used for beating the Czechs; other implements were employed no less freely whenever Herr Goebbels or his coadjutors thought it expedient to try to blacken Czechoslovakia in the eyes of Europe.

Although the campaign never wholly ceased, the degree of its fury varied greatly. During most of the early months of 1937 it was comparatively moderate, except for an outburst over the terms of the Czechoslovak Government's February Agreement with the Activist Parties.² Herr Hitler did not mention Czechoslovakia in his Reichstag speech of the 30th January,³ and his indirect references

¹ See pp. 448-59, below.

² See p. 451, below.

³ See also pp. 30-1, 42, 352, 381, above.

to 'carriers of Bolshevism' were not reassuring; but a sudden agitation that was worked up in early January in the German and German-inspired Hungarian Press—representing Czechoslovakia as a dangerous and active agent of Bolshevism and, in particular, as constructing 'Soviet aerodromes'—died down almost as quickly as it had arisen, after the Czech Government had made the German military *attaché* an offer (of which he discreetly refused to avail himself) to see for himself whether the accusations were well founded. On the 2nd March Monsieur Krofta, who a few days previously had told a newspaper correspondent that he did not believe Germany to be harbouring aggressive designs on Czechoslovakia, was able to report, in an *exposé* of foreign affairs which he gave before the Foreign Affairs Committees of both Houses of Parliament, that his country's relations with Germany had been 'on the whole good', and to express belief in the will to peace of the German authorities. He could not say that Germany was following 'a systematic anti-Czech policy'. He was also able to point to the successful conclusion of a certain number of technical and economic agreements. The most important of these was an economic agreement, signed on the 11th February, providing for a 25 per cent. increase in the value (measured in Czech crowns) of Czechoslovak exports to Germany and for an increase in the tourist traffic from Germany to Czechoslovakia; there were also other concessions; and the total result was to bring Czecho-German economic exchanges to the highest level attained since the imposition of exchange restrictions in Germany in 1934. An agreement on frontier traffic which had been signed in July 1931 was ratified on the 10th February; an agreement on air communications was signed on the 24th March; and on the 10th November the mutual trade for 1938 was regulated in a fashion even more favourable than that for 1937.

Indeed throughout the year the administrative and economic relations between the two countries were conducted with a notable absence of friction. But this only served to emphasize the contrast—to which Monsieur Krofta was obliged to refer on the 2nd March—between the officially correct relations and the tone of the German Press. After a certain lull, the Press attacks were resumed in June, when a series of articles appeared in the *Frankfurter Zeitung*, the author of which sought to prove from earlier utterances of Czech leaders that they regarded themselves as 'predestined to be the deadly enemies of Germany', and that Czechoslovakia therefore constituted the heart of Europe's diplomatic problem and the chief obstacle to good relations between Germany and France. This was followed up

by a series of outbursts in which the whole orchestra raged *fortissimo* over the alleged confiscation in Prague of stamps bearing the Führer's face; alleged interference with German balloons in the Gordon-Bennett race; alleged ill-treatment of Germans in the Hultschin area; and other aggravating themes.

Two of these choruses were specially loud and long sustained. One, which opened on the 17th June, concerned a citizen of the Reich named Bruno Weigel, who had been arrested in Czechoslovakia on the 9th November, 1936, on a charge of espionage. Released on the 20th May, 1937, he returned to Berlin and subsequently made a statement that he had been subjected in prison to both intimidation and torture. The German Press accused the Czechs of medieval brutality and demanded instant satisfaction, going beyond 'mere diplomatic excuses'; and when the official Czechoslovak Press Bureau denied the charges categorically, the Germans replied, in effect, that the Czechs were lying. On the 27th June Germany sent an official note, demanding a fresh investigation, punishment of the guilty persons, compensation to Weigel and guarantees for the future. The Czech explanations must, however, have been disappointingly convincing, for sudden and complete silence followed the announcement of this step.

In July the attacks began again, when the Czechoslovak Government refused their assent to an arrangement which had been made by the 'Bund der Deutschen' in Teplice with the German Red Cross to take 6,000 Sudetic German children for a holiday in Germany. The Czechs alleged that they had not been sufficiently informed of the children's destination and of the arrangements made to look after them; and the Czech Press suggested that Germany, in view of the prevalent food shortage, was hardly the place to take children to for feeding up. This offensive insinuation was castigated in the German Press, the *Völkischer Beobachter* writing that 'the provocations and insolence of Prague oblige the German Press to show to the whole world where the disturber of peace in Central Europe is to be found'. A few days later fresh excitement was caused when a party of thirty-one children was actually stopped on the frontier by the Czech authorities.

In the meantime a long series of articles, obviously based on the highest authority, had appeared in the *Prager Presse* as an answer to the campaign in the *Frankfurter Zeitung*. The author denied that Czechoslovakia had ever followed a policy hostile to Germany; she had, indeed, consistently worked for reconciliation in Europe. But her geographical situation inevitably placed her in the path of German expansion, with the result that she was obliged, in the interests

of self-preservation, to seek a 'policy of balance of power', either through the League of Nations or through the formation of blocs. As bases for her policy she had always chosen the League, her alliances within which were not of a nature to isolate Germany. This applied in particular to the alliance with the U.S.S.R., which had nothing to do with any 'ideological front'.

In further articles the author vigorously defended Czechoslovakia's minority policy; regretted the campaign of misrepresentation conducted against her by Germany; and expressed his hope that it might prove possible to restore good relations.

This, however, met with no response, and after an incident at Teplice Šanov on the 17th October the tone of the German Press became so extravagantly militant that Czechoslovakia was forced to make an official protest—only to be met, as is recounted elsewhere, with an answer of a studied insolence.¹ In his next speech on foreign affairs, on the 11th November, Monsieur Krofta referred to this incident in dignified terms. He said with regret that it was no longer possible for him to maintain, as he had maintained before, that Germany was not carrying out a systematic campaign against Czechoslovakia. He referred to the entirely untruthful or grossly distorted versions of recent events which had appeared in the German Press, and to the threats that Germany would use her superior numbers and strength to put pressure on Czechoslovakia over the minority question. He repudiated sharply the suggestion that his Government's protest to Berlin had been out of place. He regretted all this the more because it impeded the establishment of good relations with Germany, which he desired.

Oddly enough, Monsieur Krofta's speech was received in Berlin with an application of the soft pedal. The *Kölnische Zeitung* wrote that 'if Monsieur Krofta really desires good relations with Germany, he will find no obstacle thereto in the attitude of the German Reich'. The *Diplomatisch-Politische Korrespondenz* actually wrote that 'there is in Germany no fundamental animosity against Czechoslovakia, and even the Sudetic German question need be no obstacle to good relations between the two states'. Soon after, it became known that conversations were in progress on the establishment of a 'Press truce'. Germany was understood to wish for permission to establish in Czechoslovakia a local Nazi organization for the citizens of the Reich resident there; alleviations in the application against Reich citizens of the law for the defence of the state; free sale for *Mein Kampf*; and the suppression, not only of two newspapers edited by

¹ See p. 454, below.

German *émigrés* from the Reich, but of two further organs written in German by Czechoslovak citizens. Czechoslovakia was reported to have asked for a cessation of the perpetual campaign against her, and in particular for a check to be put on the activities of some of the Sudetic German *émigrés* who were directing the fire. There were even rumours of wider negotiations yet; but on the 17th December, on the occasion of Monsieur Delbos's visit to Prague,¹ Monsieur Krofta denied categorically that Czechoslovakia was thinking of any change of policy. He was no opponent of bilateral treaties, of which Czechoslovakia had concluded many, including a number with Germany (he cited the arbitration treaty concluded at Locarno). It was only necessary that such a treaty should be in accordance with the Covenant of the League of Nations and the principle of international solidarity. But the conversations now in progress were not for a 'pact' but only for 'the regulation of certain concrete cases'. On the same occasion the *Lidové Noviny* contradicted rumours that Czechoslovakia was about to conclude a pact with Germany similar to the Polono-German Pact. If Czechoslovakia entered into negotiations with Germany for a political treaty, this would always be with the previous agreement of her allies of the Little Entente and France.

(g) CZECHOSLOVAKIA AND HER GERMAN MINORITY

In the last volume of this *Survey*² an account was given of the development of the relations between the Czechoslovak state and its most important minority, the Sudetic Germans, down to the autumn of 1936. On the 11th November, 1936, as was there stated,³ Monsieur Hodža held out prospects of concessions under certain conditions. His speech was not very well received by the Sudetendeutsche Partei, whose Parliamentary spokesman, Herr Kundt, declared in reply that the Czechs themselves would have to alter much before the Germans whom he represented could co-operate in the way desired by Monsieur Hodža. If only a fraction of the Germans were now 'Activists', the fault, he said, lay with the Czechs, who had made 'Activism' impossible. But he denied that the autonomy which his group demanded was in any way incompatible with the unity of the state. It need not even be territorial in character.

The Activist parties were more conciliatory. A joint manifesto issued by three of their leaders in a Czech review, the *Přítomnost*, made an earnest appeal to Czech public opinion for a comprehensive understanding between the Czech and German democracies. It em-

¹ See also p. 344, above.

² The *Survey* for 1936, pp. 486-501.

³ *Op. cit.*, p. 497.

phasized, however, the necessity for practical results, and said that the Germans must be assured a proportionate share in the economic, social and cultural activities of the state.

The Minister of Justice, Monsieur Derer, restated the Government's position on the 18th December, 1936. Territorial autonomy for the German areas was, he said, out of the question. It would mean the disruption of the state; moreover, the German areas had never in history formed a separate political or economic unit. He also declared emphatically that the Government would not desert the Activists, and he warned the Henleinists that the problem could only be solved in co-operation with the other German parties. Further, the question was a domestic problem for Czechoslovakia alone. But he added that the Government realized that the assimilation of a minority so large as the German was impossible, and he promised that the share given to Germans in state and local administration should be brought up to their numerical proportion in the total population.

Shortly after this negotiations began between the Activist parties and the Government. The Sudetendeutsche Partei declined to participate, on the ground that the framework within which alone the Government were prepared to negotiate was so narrow as to make the conversations not worth while. In their view, the problem required not merely a change in administrative methods but the substitution of a whole new legal system. They would therefore confine themselves to criticism, although they would not interfere with the negotiations. Monsieur Hodža admitted their right, as an Opposition, to criticize; for the rest, he facilitated their task of non-intervention by keeping the whole of the negotiations strictly private.

The Activist parties presented their wishes to the Government on the 27th January, 1937, in a joint memorandum. Private conversations went on for three weeks; and on the 18th February an agreement was reached, the substance of which was announced in an official Government *communiqué*. This gave notice of the following concessions:

(1) The Government would distribute their orders for goods and services equitably through all districts, according to their needs, and would see to it that everywhere, including districts inhabited by Germans, local *entrepreneurs* and workmen were employed in the first instance. The central authorities would strictly enforce upon their local subordinates the application of this principle.

(2) In relief measures (social welfare) account would be taken, not only of the population of the various districts, but of the extent of unemployment. Juvenile welfare institutions would remain under the direction of members of the nationality concerned.

(3) The Government recalled the provision of the Constitution under which differences of creed and language were to form no obstacle to the admission to public services and employment. They went on to insist that an unconditional loyalty to the state was the necessary pre-condition of minority rights. The increase in knowledge of the official language now enabled the Government to take a further step forward in the admission to state service of members of minorities, and to give increased weight, not only to general interests, but also to those of the minorities in the direction of attaining a just numerical proportion.

(4) In correspondence with communes in which the overwhelming majority of the inhabitants spoke a minority language, the district and some other officers would append to their communications, gratis and without special request, a translation in the language of the minority in question. Language examinations would be regulated according to need, account being taken of how the applicant would be employed in the public service.

(5) The Government would subsidize, up to the limits of financial possibilities, the instruction of the minorities in their mother-tongue. This applied not only to the Germans and Magyars but also to the other minorities, including the Poles. The Government were prepared to remedy defects, where such had become apparent, in cultural self-administration within the framework of the existing system.

It was known that the authors of the memorandum had put forward two further demands: that the use of minority languages in Parliament should be optional for *rapporteurs* presenting Parliamentary Bills and that special Parliamentary Commissions should be set up for dealing with minority questions. These requests were refused, on the ground that they required an alteration of the existing law which it was within the competence of Parliament to vote, but not of the Government to enact.

In a later interview Monsieur Hodža explained that these were not his last words, but were 'indications of the lines along which the Government would proceed towards a final settlement'.

The reception of these offers was mixed. They were hailed with satisfaction by the Government Press and by Czechophile public opinion abroad. The Activists were disappointed at not receiving all that they had hoped, but they accepted the half-loaf with a good grace. On the other hand, Herr Henlein's lieutenant, Herr Frank, immediately uttered a sharp criticism, pointing out that the offer of concessions amounted in some cases to an admission of past

injustices, and adding that these would not have been remedied, even if fresh injustice were avoided in the future. Neither the provisions for child welfare institutions nor those regarding education were legally regulated as the Activist memorandum had desired; the concession regarding the use of languages in official correspondence was insufficient. The condition of 'loyalty' was dangerous, since no rule was laid down for testing whether a given person was 'loyal' or not. Above all, there was no assurance that these concessions, or in general the laws guaranteeing the rights of the minorities, would be applied in practice by the administrative officials. A day or so later another spokesman of the same party made an even sharper declaration, describing the action of the Activists as 'treachery to their nation'.

The Press of the Reich took its cue from these remarks; the *Völkischer Beobachter* headed its report 'Prague makes concessions without practical value: fruitless negotiations for the rights of the German National Group in Czechoslovakia'; while the *Berliner Tageblatt* rose to the height of 'Prague refuses compromise'; the *Deutsche Allgemeine Zeitung* to that of 'Prague's attempts at whitewash'. The whole tone of the Reichsdeutsch reports was calculated to poison the atmosphere.¹ It is not without interest to observe that the extreme nationalist Czech Press reciprocally resented the *rapprochement* with the Germans.²

On the 28th February Herr Henlein himself broke silence. In a long speech at Aussig he recapitulated the sufferings of his followers and reproached the Activists for having accepted the Government's terms and having represented these as a 'national settlement' 'against all reason and notwithstanding the experience of bitter years of elusive phrases'. After an affirmation of the invincible vitality of the Sudetic Germans, and a parenthetical defence of their right, of which he proposed to make further use, to appeal to the League of Nations and to the guarantors of the Minority Treaties, he came to his own conditions. The vital question, he said, was this: Would the Czechs at last understand that Czechoslovakia was not their state exclusively but was the common heritage of all its peoples, in which no one people ought to enjoy a supremacy? The watchword must be: Unity of the state and liberty for its peoples. His three demands were:

(1) The territory of the Germans must be protected and their 'national frontier' unconditionally guaranteed.

¹ The Polish Press was no more amiable. The *Polske Zbrojne* headed its report 'A Propaganda Trick!'.
² In the Budget debate in May Monsieur Hodža said that the Czech nationalist Press complained daily that 'the agreement was injuring Czech national, social and economic interests'.

(2) The principle of national self-administration must be recognized and put into practice for all peoples and national groups, including the Sudetic Germans.

(3) The injustices inflicted since 1918 must be repaired.

In another passage in his speech he developed what he meant by the expression 'national self-administration'. His words were not entirely clear, but the general sense of them appeared to be as follows: All citizens of the state were to be enrolled on national registers, into their respective national organizations. These were to be recognized as corporate institutions, under a single leadership (a phrase which did not necessarily imply autocratic *Führertum*). Each of these was to be exclusively competent in its own field (which was not very clearly defined). The several national groups were to co-operate, on a footing of complete equality, in the affairs of the state, while in national questions not concerning the state (questions of national culture) they were to be free to co-operate with other groups of the same nationality outside the frontiers. The whole system must be legally guaranteed. Herr Henlein ended by a request for new elections which would show, as he said, who *really* represented the German people in Czechoslovakia.¹

In view of the Government's flat refusal to entertain the idea of autonomy, and *a fortiori*, to abandon the hegemony of the Czechs and Slovaks in the Czechoslovak state, this declaration, of course, left the deadlock between the Government and the largest German party unaltered. The Czech Press did not even trouble to take the speech very seriously, describing it as 'a tactical move' and 'a comic provocation'.

This deadlock persisted through the greater part of the year. The leaders of the Sudetendeutsche Partei continued to reiterate their demands for national autonomy and equality within the state, and to describe the February Agreement as a 'manœuvre', an 'evasion of a real settlement', or a 'scrap of paper'. The Party presented its own demands on the 27th April in a series of Bills which it laid before Parliament. These were as follows:

(1) A 'law for national protection' empowering the different national groups to constitute themselves as corporations possessing legal personality, under the direction of a committee composed of all Members of Parliament of the nationality in question; this

¹ On this point the communal elections held in December 1936 threw some light. There were contested elections in 58 German communes. The Sudetendeutsche Partei received 25,097 votes, 368 less than in the Parliamentary elections of 1935; the three Activist parties, 8,572, a net gain of 195 votes.

committee electing a speaker to represent them in their relations with other bodies.

(2) A 'law on the realization of national equality in all branches of public life', providing penalties for infringements of this principle.

(3) A law laying down the responsibility of the state and other public bodies for damages inflicted by their organs in execution of their duties.

(4) A penal law against denationalization.

(5) A law on the creation of national registers.

(6) A law providing for appeals to the Supreme Constitutional Court.

These proposals, which were interpreted to involve, although they did not explicitly demand, territorial autonomy,¹ were most unfavourably received by the Czech Press, which described them as irreconcilable with the Czechoslovak Constitution, as 'provocative proposals' and as 'demagogy designed to stir up national and party hostility'. A more thoughtful criticism which appeared in the August number of Monsieur Krofta's review, the *Prager Rundschau*, admitted the feasibility of some of the minor proposals, but was as resolutely determined as any other of the Czech utterances not to surrender the main position, i.e. the national hegemony of the Czechoslovaks in the state. President Beneš himself, in a speech which he delivered on the 7th May in Böhmisches-Krumau, made his rejection of the proposals plain enough when he spoke of the impracticability of a 'theoretical general settlement' which would turn people accustomed to live together into 'a sort of polite neighbours, only able to look at each other across the garden fence'. Parliament, when it met for the autumn session, referred the Bills to the relevant committees, whence they had not returned by the end of the year; but there seemed, up to that date, to be no prospect that either party would give way to the other on this main question, on which they were fundamentally opposed.

Neither were any other signs of a *rapprochement* apparent. Herr Henlein saw Monsieur Hodža after President Masaryk's death in September, but if political conversations took place, no outcome to them was announced. During the spring and summer Herr Henlein and his lieutenants conducted a most industrious agitation; and the

¹ At the Sudetendeutsche Partei Conference in December 1937 it was explicitly stated that the Party would not be satisfied with cultural autonomy, but that 'the essence of its policy was to secure the existence of the Sudetic-German home, the maintenance of its property and of its labour market'.

mutual irritation was kept fully alive, on the one hand by this activity, with its faithful echoes always reverberating from Berlin, and by Herr Henlein's frequent journeys abroad; on the other, by Czechoslovak administrative action, and particularly by the operation of the Law for the Defence of the State.¹ There was, however, no serious outburst until the 17th October, when, at a comparatively unimportant meeting at Teplice Šanov (Teplitz Schönau) two deputies of the Sudetendeutsche Partei were jostled by the police and one, according to his own statement, was attacked with rubber truncheons, which appear also to have been used against the excited crowd. The incident was one which ought not to have occurred, but which, under other circumstances, would not have excited much attention. As things were, it unleashed a storm. Herr Henlein wrote to President Beneš demanding immediate autonomy for the German districts under German administration, as the only means of averting such scandals; otherwise, he declared, the peace, not only of Czechoslovakia, but of Europe, would be threatened. The Reich Press surpassed itself. 'Lies and hate, murder and terror', wrote the *Völkischer Beobachter*, 'stood beside the cradle of the Czechoslovak state and have never left it during its brief existence.' The tone of the Reich Press was so virulent that the Czechoslovak Minister in Berlin lodged an official protest—to be told in reply that the way to avoid such criticism was to give no cause for it.

The Czechoslovak Government thereupon not only forbade all political meetings and demonstrations throughout the country, but also postponed indefinitely the local elections which were to have been held on the 14th November in 481 communes, including 131 with German minorities. The inquiry into the alleged assault itself was referred to a Parliamentary Committee.

German sources accused the Czech authorities of having provoked the whole incident in order to give an excuse for postponing the elections—which, they said, would have shown the world the strength of Herr Henlein's position. In the other camp it was suggested that the provocation had come from the Sudetic German side, in order to distract attention from certain unfortunate incidents which were gravely compromising the position of the Sudetendeutsche Partei. On the 6th October Herr Rutha, one of Herr Henlein's right-hand men and his chosen emissary to foreign lands, was arrested, with Herr Rohn, editor of *Volk und Führung*, and twelve others, on a grave criminal charge. The preliminary investigation resulted in the bringing in of a true bill, but before the trial could begin Herr Rutha

¹ See the *Survey for 1936*, pp. 141-2, 500-1.

hanged himself in his cell. The effect on the parents of the young people whose adherence the Party was seeking was all the more grievous since it was freely rumoured that Herr Rutha's tastes had long been no secret in the inner circles of the Party. They had not disavowed him, because to do so would have compromised the Kameradschaftsbund, the circle of young men (of whom Herr Henlein had himself been one) founded by pupils of Professor Spann, who had gradually usurped to themselves the whole leadership of the Party. Their monopolistic position had long been a source of grievance to the rival group, the Aufbruch Party, composed of the survivors of the old, proscribed, National-Socialist Party; and the latter group was commonly supposed to have denounced Herr Rutha to the police.

Questions of principle, as well as of personality, were involved. The leading member of the Aufbruch circle within the Party, Herr Kasper, was also leader of the Deutsche Arbeitsgemeinschaft, the more radical of the local German labour movements, which had long been discontented with the Party's attitude on labour questions—an attitude which, in their view, consecrated the supremacy of employers over their employees.

During the last weeks of the year the Sudetendeutsche Partei was thus shaken by a severe internal crisis. The Kameradschaftsbund had at first shown signs of wishing to represent Herr Rutha as a martyr, whose grievous end was due to the persecution of the Czech police. It abandoned this attitude on the advice, it was said, of Berlin, which was not unmindful of the parallels which might be drawn with the scenes on the 30th June, 1934; but it proceeded in the first days of December to a 'purge' of its recalcitrant elements, beginning with Herr Kasper, Herr Jonak, the Secretary-General of the Party, and two Deputies, Herren Liebl and Wagner, who had already resigned from the Parliamentary Club in token of protest against the Party's attitude in the Rutha affair.

But the purging was not all on one side. The Aufbruch group declared its intention to fight to the bitter end. There were counter-demands for the expulsion from the Party of all Herr Rutha's supporters, including Herr Henlein himself; and when these were unheeded, a number of its former adherents left the Party. Some of these joined the Aufbruch group, which on the national question was more radical than Herr Henlein himself; but others went to swell the ranks of two independent German workmen's parties which had already been founded, one in Brünn, the other in Silesia. The Brünn group, led by Herr Zienbek, actually announced its intention of becoming 'Activist'.

Thus the year ended with the Sudetendeutsche Partei in a greatly weakened position which gave the Czechs a certain tactical advantage. This did not, however, mean that the German-Czech problem itself was any nearer a solution. Indeed, the results of the year in general, and of the February Agreement in particular, were profoundly disappointing. Such good effects as a conscientious execution of the agreement might have produced were largely outweighed by other factors, and notably by the application of the Law for the Defence of the State. The rapid fortification of the frontier districts had brought with it a large numerical increase in the numbers of the military and gendarmerie quartered there, and a very great increase in their power. Arrests on charges of espionage became excessively frequent. On the 19th November the Minister for Justice stated that in the Republic 926 persons were then under arrest, awaiting their trial for espionage; these included 423 Germans, about 350 of whom were Czechoslovak citizens. The methods of the gendarmerie gave rise to frequent complaints; one long interpellation in Parliament recited a formidable list of persons who had been subjected to brutal inquisition.

The strongest factor in the active balance was the decline of unemployment, which was stated in the autumn to have fallen in the textile trades by 54 per cent. In general, registered unemployment fell steadily in Czechoslovakia from 668,381 at the end of January (677,947 at the end of February) to 230,692 at the end of September and to 237,460 at the end of October, while figures of industrial employment rose from 1,880,000 in January to 2,426,000 in August. In November, however, the unemployment figures rose again sharply; and they still remained much higher for the German districts as a whole than for the Czech districts.

The administrative reform regarding correspondence with minority communes seems to have been carried out without any difficulty. The execution of the other points of the February Agreement gave less satisfaction. In the Budget debate in November Monsieur Hodža, while admitting that the execution of the programme required speeding up, insisted that a hopeful beginning had been made. In many branches of the state services, he said, the Germans were already represented nearly, or quite, in proportion to their numbers, and the disproportion which still remained was due in part to the 'direct boycott' of the state services which many of them had conducted. An improvement was already apparent. In the first quarter after the February Agreement 4,048 state employees had been engaged, of whom 88.61 per cent. had been Czechoslovaks and 8.52

per cent. Germans; 17,982 labourers, &c., had been employed, 84·95 per cent. of whom were Czechoslovaks and 14·83 per cent. Germans. For the next quarter the figures for state employees had been 83·18 per cent. and 12·6 per cent. and for labourers 81·85 per cent. and 14·09 per cent. respectively. The percentage of remissions of taxation had been much higher in German than in Czech districts. German firms had received far more than their proportionate share of state guarantees and subsidies. German firms had supplied more than 40 per cent. of the requirements of the state railways. The German higher and middle schools had received a more than proportionate share of state moneys.

Similar figures were given by other Ministers. The Minister for Justice pointed out that the number of German magistrates was in many places up to, and in some over, the German national quota. The Minister for Education gave figures to show that the Germans were at least as well off for secondary and elementary schools as the Czechs, and that increased subsidies had been given during the year for German cultural institutions.

Not all these figures—and notably not those of the appointments to state service—were particularly convincing. The Sudetendeutsche Partei declared itself 'more mistrustful than ever' of the agreement, and their parliamentary spokesman, Herr Kundt, declared that Monsieur Hodža had counted as 'German' certain firms which were in reality almost wholly Czech. Another speaker said that between the 1st October, 1936, and the 28th February, 1937, German firms had received only 24·6 per cent. of the state orders given in German districts, Czech firms getting 67·7 per cent. and mixed firms 7·7 per cent., while between the 28th February and the 1st October, 1937, the figures were actually worse: 20·8 per cent., 68·1 per cent., and 11·1 per cent. respectively. Other speakers criticized severely the persistence in the policy of establishing Czech 'minority schools' in German districts.

It was clear that the Sudetendeutsche Partei was not prepared to admit that cause had been given for any change in its attitude. Some of this criticism might be discounted as coming from sources more anxious to find grievances than to find remedies (it should be mentioned that Monsieur Hodža, in reply, stoutly maintained the validity of his figures). But the most damaging criticism came from Herr Jaksch, the Activist leader, on the 17th November. He paid a tribute to the goodwill of the President, and described the February Agreement as 'an important testimony to good will on both sides', but he went on:

Nevertheless, I must add—not without bitterness—that even since the 18th February the German policy of understanding has in many fields failed to find practical recognition of its vital necessities. It would do the cause no service to deny that even the most loyal adherents of the policy of understanding in the German camp are dissatisfied with the pace at which the February Agreement is being put into effect. The serious consequences of a failure of the honest efforts embodied in the agreement can be averted no longer by words, but only by acts. From this point of view I am compelled to describe the national-political side of the account as unsatisfactory.

The proportional principle, Herr Jaksch said, had only been acted on in relation to the schools. Three essential problems had not been touched. These concerned adequate social relief in districts where the depression had become chronic; genuine proportionality in the allotment of public works; and the financial pre-conditions of national proportionality in the administrative services. Of the 192,262 registered unemployed in Bohemia and Moravia in September, 121,410 were in districts with German majorities; and unemployment relief had in many cases been cut by 50 per cent.—to Kč. 5 or 10 a week. In public works strategic rather than social or economic considerations were dominant. As to the administrative services, there were departments in which Germans were ‘harder to find than a pin in the Wenzelsplatz’. There were cases in which well-qualified, entirely trustworthy German officials had been passed over in favour of as many as forty Czechs junior to them. Herr Jaksch appealed to the Government to create a supplementary fund in the Budget ‘for the social, economic, and personal requirements of a progressive proportionality’.

The Government accepted this motion—which gave the further advantage that the Czech Parliament as a whole was now committed to the ‘proportional system’. Further, a fresh concession was announced at the end of the year: that German-speaking candidates might in future be admitted to the police and gendarmerie, even if they did not know Czech, providing that they learned it in the next two years. Nevertheless, it was impossible to feel, as the year closed, that Czechoslovakia’s national problem had advanced any appreciable distance towards solution. A majority of the Germans were unreconciled; and if the unity of the Sudetendeutsche Partei was impaired, the converts to a more radical policy still were probably not less numerous than the recruits to the party of moderation. Moreover, it must be remembered that the Activists themselves, although they were not prepared to accept either Herr Henlein or Herr Hitler as their Führer and saw in the existence of the Czechoslovak state

something of positive value to themselves and to the world, were at heart as unwilling as the larger party were to accept permanently the position of a minority in a Czech state. They, too, claimed a position of equality and partnership in the state; only they were unwilling to press their demand to a point at which it might endanger the existence of Czechoslovakia. On the Czech side, a grant of equality in the sense of a renunciation of the Czechs' own position of national hegemony was something that no Czech, it appeared, was yet ready to concede.

(vi) German Economic Policy in South-Eastern Europe

By Allan G. B. Fisher

Economics has recently been defined as 'the study of human behaviour in the disposal of scarce means between alternative uses'. In many circumstances it is natural to accept the scarcity of means as a datum, and merely to inquire into the most appropriate methods for disposing of them, but there are also cases where, for certain purposes at least, means are found to be so scarce that strenuous efforts are made to increase the supply of them in order that the end in view may be more abundantly or more promptly realized. These are also proper subjects for the attention of an economist, and in 1937 it was a particularly useful exercise to examine certain aspects of economic policy in Central and Eastern Europe from this point of view. The drastic changes in Germany's internal economy which became inevitable when the view was officially accepted and enforced that 'independence, honour and reputation' demanded that Germany should have under her own control all 'the important economic bases of life', are discussed in another part of this volume.¹ A considerable period of time, however, would have to elapse before the full fruits of intensive technical research could be reaped, and, as a supplement to these efforts, German policy was also directed towards exercising a considerable measure of indirect control over the economy of neighbouring countries, with a technique designed to ensure that an increasing proportion of their output should be reserved for German use, or even, in an extreme case, that the character of their production should be modified to meet the special needs of the German market. The story of the early stages in the development of this policy has already been told;² and it is now necessary to carry the story on through the year 1937. It had become clear in 1936 that General Göring's principle that 'an economy conscious of its national tasks

¹ See above, pp. 78 *seqq.*

² See the *Survey for 1936*, pp. 526-33.

could not allow dictation from outside as to what ought to be exported or imported¹ was not considered by the German Government to be applicable to the smaller countries of Central and Eastern Europe. Even in the most unfavourable case it was necessary that both parties affected by the application of the Schacht technique² should receive some positive advantage from it, and if in any particular instance the weaker partner in an agreement were to begin to feel that the benefits which had been promised were illusory, the possibility could not be ignored that the other party might feel an impulse to depart from a purely economic policy, or at least to supplement it by action in the political field.

Largely as a result of the application of Dr. Schacht's ingenious technique, Germany's share in the external trade of Hungary, Rumania, Yugoslavia, Bulgaria, Greece and Turkey had attained, in 1936, proportions greatly in excess of anything recorded in previous years. The volume of German exports to these countries and, except in the case of Turkey, the volume of their exports accepted by Germany continued to expand during 1937, but relatively the rate of advance was slowing down and some observers supposed that it had been definitely checked. The first stage in the application of the Schacht technique was an agreement by Germany to purchase surplus produce at nominally attractive terms. There was, during 1937, almost a doubling in the aggregate value of German imports from Rumania (for the most part of maize, barley, rye and wheat), and a substantial increase in German imports from Yugoslavia (also of wheat and maize), but the proportion of Yugoslav imports purchased by Germany actually declined.³ The percentage increase of German purchases of goods from Bulgaria, Greece and Hungary during 1937, as compared with 1936, was also smaller than the increase in German import trade as a whole. In Bulgaria, where German economic penetration had gone very far, and of whose products it was said⁴ that Germany could absorb up to 75 per cent. of the total, the figure fell from 47·6 to 43·1.

¹ See above, p. 79.

² For a description of the technique see the *Survey for 1936*, pp. 527-9.

³ The trade statistics upon which such calculations were based should be accepted with even more than the degree of reserve which is always appropriate for the scientific investigator in these fields; for obviously where both imports and exports were valued for clearing purposes at artificial levels, percentages based on a combination of such figures with prices realized or paid on the world market might alter, without any real corresponding change in the relative importance of the different classes of trade.

⁴ By Baron Brandenstein, the Bulgarian honorary consul in Berlin (see *The Times*, 10th May, 1938).

The decline in the relative importance of the German market was especially to be noted in Greece, where the reception given to the new German trade technique had, at the outset, been far from enthusiastic. Monsieur Tsouderos, the Governor of the Bank of Greece, at the annual meeting of shareholders¹ gave a clear account of the general considerations which aroused doubts about the wisdom of allowing special arrangements for the disposal of exports to penetrate far into the economic life of a country. He pointed out that, in the effort to attain self-sufficiency in wheat for Greece, which had met with substantial success and which he regarded with favour, due account must be taken of the necessity for liberating land which was better suited for the production of more remunerative crops, such as, presumably, the Germans were prepared to purchase at attractive prices.

But [he added] this general line must not be allowed to lead to disastrous exaggerations. To abandon the cultivation of products of which there is an assured consumption at home, and instead to produce goods for export for the sole reason that in consequence of exceptional circumstances the latter bring temporarily high prices, would destroy the firm foundation of our economy and might moreover provoke a crisis of over-production, which would destroy the advantages which (it had been anticipated) would be the result of this policy.

The area devoted in Greece to the cultivation of tobacco, for example, had been greatly expanded without any consideration of this danger, and it was thought necessary in February to put into operation the law which limited such cultivation. Greek tobacco was in large measure purchased by countries with whom Greece had compensation agreements, Germany being the purchaser of more than half the total quantity exported, and the goods which these countries were able to offer in exchange did not include the cereals and sugar and other foodstuffs which Greece needed.

Would it not be wiser [asked Monsieur Tsouderos] if, confining ourselves to the cultivation of tobacco in those regions which produce the finest quality, we turned instead to other crops which would be consumed directly in our own country? Or, if there is no question of cultivating such things, it is necessary to inquire as quickly as possible what other products, such as are in general demand in foreign markets, can be cultivated by us to replace those which are consumed only in a few countries, or in countries with which special arrangements have been made.

The adaptation of the resources of production to meet the special demands of Germany helped to create vested interests of exactly

¹ See *Les Balkans*, May 1937, pp. 110-13.

the same kind as were everywhere checking any movement for increasing the volume of international trade, and the further the process was pushed, the more difficult would it be to carry through a further adaptation to enable the demands of relatively free markets to be satisfied. During 1937 the encouragement of soya bean cultivation in Rumania and Bulgaria, for example, was carried a stage further, and though the volume of soya beans exported was still small, it showed a substantial increase. I.G. Farben, the great German chemical combine, supplied part of the capital, purchased the product for its chemical works, and supplied under a barter arrangement various goods from its German factories to the two countries concerned. Efforts aiming at a general economic reconstruction of South-Eastern Europe were invariably checked by the protectionism, both agrarian and industrial, practised by the various Governments, but the ever-recurrent difficulty which checked Germany's economic advance into these countries was that of finding goods which the Germans were willing to part with and which could also be sold with advantage in the markets from which Germany was so anxious to draw supplies of food and raw materials. Sales of produce at high nominal prices were naturally attractive to the peasant population, especially if, as was often the case, they were overburdened with debt, but unless an equivalent volume of Germany's goods could be readily disposed of, the Governments and central banks concerned were likely to be faced with serious financial and budgetary problems. The selection of appropriate imports from Germany was often a matter of much difficulty, as other countries were naturally reluctant to accept the German suggestion that they should substitute for goods with which they were quite contented German products which, it might be presumed, were less satisfactory from the standpoint of either quality or price.

The question of frozen mark balances was, therefore, constantly under discussion.¹ The Yugoslav representatives on the Germano-Yugoslav Mixed Committee, for example, raised this question in Berlin early in the year, but without any satisfactory result, and the National Bank of Yugoslavia felt itself obliged to threaten a curtailment of exports to Germany in March by 50 per cent. as compared with January and February. Greece also attempted to solve the problem of frozen balances in a series of agreements signed in Berlin in September, and towards the end of the year there was a discussion

¹ On this account the statistics of German imports are often more significant than those of exports, variations in the latter figures being in part dependent on the pressure applied to overcome clearing difficulties.

in Sofia of the possibility of making a common agreement between Yugoslavia, Rumania and Bulgaria with a view to strengthening their position in clearing negotiations with both Germany and Italy.¹ South-Eastern Europe was compelled to accept a considerable quantity of the products of the German textile industry, in which the new substitute raw materials were extensively used, and the volume of imports of this kind was in 1937 five times as great as it had been in 1934. The growing demands of German heavy industry made it increasingly difficult to supply even those goods which were needed by countries anxious to launch out on schemes of large-scale development, and the offer of which had been an inducement to make trade agreements with Germany. Yugoslavia thus endeavoured, but without success, to liquidate her blocked German balances in April by offering tenders to German firms for railway construction, bridge building, and rearmament. Yugoslavia, indeed, was in a position to seek closer trade relations with Italy and France, as well as with Germany. A commercial agreement with Italy was signed in Belgrade on the same day as the political treaty which bore the names of Count Ciano and Monsieur Stojadinović,² and there was later some discussion of the possibility of Italian capital being used in the exploitation of Yugoslav mineral wealth. A new trade agreement with France, which also increased, as from the beginning of 1938, some of the quotas of Yugoslav goods admitted into France, was signed during the visit of Monsieur Delbos to Belgrade in December,³ and there was for a time a considerable export of Yugoslav wheat to France.

As is indicated in other chapters,⁴ the economic consequences of the efforts made by Italy in the Rome Protocols,⁵ and later extended to Yugoslavia, were indeed somewhat disappointing. The hard fact was that the economic situation of Italy was such that she had little to offer to the countries of South-Eastern Europe; the limits to her purchases of their staple products were also soon reached; and her other commitments, both internal and external, made it unlikely that Italian capital could be spared for development elsewhere.

¹ Difficulties of a similar kind also beset the trading relations of Germany and Austria, the frozen balance to the credit of Austrian exporters steadily expanding until by the beginning of November it reached a total of 56,000,000 schillings. Austrian exporters sometimes had to wait five or six months for payment of their debts, and it became necessary to cut down exports to Germany by 40 per cent. Cf. the *Reichspost*, 3rd July, 1937.

² See below, pp. 475-6.

³ See pp. 341-2, 409, above.

⁴ See pp. 437, 439-40, above, and p. 477, below.

⁵ See the *Survey for 1934*, Part III C, section (ii); the *Survey for 1936*, pp. 437-46.

According to one German writer,¹ 'the development of the trade relations of the Reich with South-Eastern Europe is a natural fact, and attempts to thwart it must damage the agrarian countries'; and the Germans claimed that any effort to build up an independent economic Danubian bloc² was, in fact, based upon the political interests of the initiators of such schemes rather than upon the economic interests of the Danubian countries. It was certainly true that fundamental facts would, in any event, have made the economic activities of Germany and South-Eastern Europe to some extent complementary; but the abnormal extension of German influence, which many people found so alarming, was made much easier because, for one reason or another, other countries—and in particular Great Britain and France—were reluctant to increase their purchases of South-East European goods to a degree sufficient to offset the specious allurements of the German offers. The improvement in the prices of agricultural products made South-Eastern Europe more anxious to seek outlets in the world market, where payments were made in a form free from the irritating restrictions which sales in Germany curtailed, but the chances of actually breaking away from these restrictions were small so long as the rest of the world persisted in its devotion to agricultural protection. The economic, and perhaps the political, destiny of this part of Europe was thus tied up in the closest possible way with the protection of home agriculture in other countries and with policies of imperial preference.

The question 'Have we reached the end of the economic offensive of the Reich in South-Eastern Europe?' was therefore answered by one well-informed observer in the middle of 1937³ with a reluctant negative, and as it became increasingly difficult to ignore the signs of an impending recession in world economic activity later in the year 1937 and in 1938, the chances that the countries of South-Eastern Europe would be able to free themselves from German influence correspondingly diminished. Germany herself did not relax her efforts. Although financial assistance for Rumanian rearmament was also available from both France and Czechoslovakia,⁴ Germany continued during 1937 to be the principal beneficiary from Rumanian demands for rearmament equipment, and a German trade agreement concluded with Hungary on the 6th July guaranteed an outlet for most of the surplus grain, cattle and pigs of that country for three

¹ In the *Berliner Tageblatt*, 23rd May, 1937.

² See p. 413, above, for the efforts which were made in this direction during the year 1937.

³ See *L'Europe Centrale*, 19th and 26th June, 1937.

⁴ See also pp. 406, 411, above.

years. Especially in Turkey, where strenuous and to some extent successful endeavours were made to broaden the foundations of foreign trade activities—for example, by the negotiation of a trade agreement with the United States—there were indications during 1937 of a pause in German economic penetration, but at the end of the year it appeared rash to assume that the policy as a whole had been brought to a definite standstill.

(vii) Italy and Yugoslavia (1935–7)

The signature in Belgrade on the 25th March, 1937, of a treaty of friendship and an economic agreement between Italy and Yugoslavia took the world decidedly by surprise, and while there was immediate and almost universal agreement that this was an event of first-class importance, there was less unanimity in regard to its exact significance and its probable effect upon future developments in South-Eastern Europe. As in the somewhat similar case of the Polish-German agreement of January 1934,¹ this formal burying of the hatchet between two neighbours whose relations had been consistently unsatisfactory, and often dangerously strained, ever since the Peace Settlement had called the lesser of the two into existence in its actual form, was received with mixed feelings by the older friends and allies of the 'successor state' in question. The relaxation of tension in one of the traditional European danger-spots might appear to be a matter for general rejoicing; but the satisfaction of France and of Yugoslavia's fellow-members of the Little Entente was inevitably tempered by a fear that Yugoslavia might be deserting her old friends in order to enter the Italo-German orbit—a fear which was not allayed by the tendency of German and Italian commentators upon the Belgrade agreements to speak of the prolongation of 'the Rome-Berlin Axis' into the Adriatic as an accomplished fact. The reaction of Yugoslavia's allies to the agreements of the 25th March, 1937, has been touched upon already;² but it remains to give some account of the agreements themselves and of the relations between Italy and Yugoslavia before and after their signature.

In previous volumes of this series³ the history of Italo-Yugoslav relations has been recorded down to the end of the year 1934.

¹ See the *Survey for 1934*, pp. 386–7; the *Survey for 1935*, vol. i, pp. 60, 204.

² See pp. 407–8, above.

³ See the *Survey for 1924*, Part II B, sections (iii) and (vi); the *Survey for 1926*, Part II B, section (i); the *Survey for 1927*, Part II C, sections (i) and (ii); the *Survey for 1928*, Part II, section (i) (b); the *Survey for 1934*, Part III D, section (ii).

That period had been brought to a close by the negotiations for a settlement of Yugoslav claims to satisfaction for the murder of King Alexander of Yugoslavia on the 9th October, 1934—a crime in respect of which Italy was not without a share of responsibility.¹ Only three days before the King of Yugoslavia and the French Foreign Minister lost their lives at Marseilles, Signor Mussolini had made the Yugoslav Government an offer of friendship in a public speech;² this gesture had been interpreted as a sign that the head of the Italian Government was ready to yield to the wishes of the French Government and conclude an agreement with Yugoslavia within the framework of the comprehensive settlement of Italo-French differences for which preparations were on foot at that time; and one of the principal objects of King Alexander's visit to France was the discussion (and, as the French hoped, the removal) of the difficulties which were still felt by the Yugoslav Government to stand in the way of the Italo-Yugoslav *rapprochement* which the French Government desired to bring about.

The tragedy of Marseilles interrupted the carrying out of these French plans but did not cause France to abandon the rôle of 'honest broker' between Italy and Yugoslavia. Monsieur Barthou's successor, Monsieur Laval, carried the policy of promoting friendly relations between France and Italy to a conclusion which appeared—temporarily, at any rate—to be a triumphant success;³ and the furtherance of an Italo-Yugoslav *rapprochement* was one of the matters on which the head of the Italian Government and the French Foreign Minister were able, in the current diplomatic phrase, 'to establish the community of their views' during their conversations in Rome in January 1935. It seemed hardly necessary at the time to look beyond the shadow cast by a resurgent Germany for an explanation of French pressure on this point and Italian readiness to yield to it; and it appeared that Italy's desire to create a barrier against German expansion was not greatly weakened by the change in her relations with Germany which took place during the years 1935-6. At all events, a *rapprochement* with Yugoslavia continued to figure as an item on Italy's programme after the realignment which transformed her from a member of the 'Stresa Front' into a partner in 'the Rome-Berlin Axis'. There were also, no doubt, other motives in play on the Italian side. The immediate effect of King Alexander's violent

¹ See the *Survey for 1934*, Part III D, section (ii).

² *Op. cit.*, pp. 329-30, 558.

³ For Monsieur Laval's visit to Rome and the signature of the Franco-Italian agreements of the 7th January, 1935, see the *Survey for 1935*, vol. i, Part I, section (v).

death upon the internal position in Yugoslavia—where Serbs, Croats and Slovenes temporarily forgot their internal dissensions in order to present to the world an impressive picture of national unity in a common grief for the murdered Serb leader¹—seems finally to have convinced the Italian Government that the time had come to abandon a policy which had been based on the hope of an internal disruption of Yugoslavia. This proof that Yugoslavia must be regarded, after all, as an entity which had come to stay was given at a time when Italian thoughts and ambitions were already turning away from South-Eastern Europe towards the Mediterranean and Africa; and with the enterprise of carving out an African Empire just ahead of him, Signor Mussolini presumably calculated that it would be more advantageous to Italy to have a friendly Yugoslavia on her flank than to preserve an opening for exploiting Yugoslav difficulties in the Italian interest.

Little more than two months after the conclusion of Monsieur Laval's visit to Rome, Signor Mussolini took the opportunity of the presentation of credentials by a new Italian Minister at Belgrade to make an emphatic gesture of friendship. When the new Minister, Count Viola di Campalto, was received by the Prince-Regent Paul on the 15th March, 1935, he announced that he had been expressly instructed by Signor Mussolini to inform the Yugoslav Government that Italy entertained the friendliest feelings towards Yugoslavia, had no intention of interfering with her in any way or threatening her territorial integrity, and desired to establish close and cordial collaboration in both the political and the economic field.

The Yugoslav Government had not yet overcome a suspicion—dating from the conclusion of the Franco-Italian agreements two months earlier²—that Yugoslavia was being left in the lurch by France, and they therefore received this Italian overture with reserve. Prince Paul assured Count Viola that the Government in Belgrade would be ready to collaborate with him in the fulfilment of his mission, but there was no sign of any eagerness on the Yugoslav side to grasp the proffered hand of friendship. After the establishment of the Stresa Front in April,³ however, the Yugoslav Government seem to have felt somewhat reassured (the declaration regarding the maintenance of Austrian independence, in particular, relieved the fears of unilateral Italian intervention in Austria which had haunted Yugoslav minds since the despatch of Italian troops to the Brenner on the occa-

¹ See the *Survey for 1934*, p. 551.

² See the *Survey for 1935*, vol. i, pp. 111-12.

³ See the *Survey for 1935*, vol. i, pp. 156-61.

sion of Dr. Dollfuss's murder in July 1934);¹ and a visit to Italy by the Yugoslav Prime Minister, Monsieur Jevtić, was provisionally arranged for the early summer. This visit had to be postponed in consequence of an internal political crisis;² and Monsieur Stojadinović, who succeeded Monsieur Jevtić as head of the Government on the 23rd June, appeared at first to be more anxious to prove his Government's loyalty to their alliances with Czechoslovakia, Rumania and France than to come to terms with Italy. In the autumn there was some talk of the negotiation of a new Italo-Yugoslav commercial agreement, in order to place on a more satisfactory footing the trade relations of two countries which were to a large extent economically complementary. This was a matter in which Yugoslavia was closely interested, for her exports of agricultural produce to Italy—for long her best customer in spite of their political disagreements—had been falling off since Italy had undertaken in March 1934 to give preferential treatment to Austrian and Hungarian exports;³ but no definite steps towards the conclusion of a new commercial agreement had been taken before the whole situation was altered by the Italian invasion of Abyssinia at the beginning of October 1935 and by the subsequent decisions of the Council and Assembly of the League of Nations to impose economic sanctions upon Italy.

It was only with a good deal of reluctance that Yugoslavia consented to take part in measures which were bound to have a particularly adverse effect upon her own economic position,⁴ and her adherence to the proposals for sanctions against Italy was only secured by special economic concessions from Great Britain.⁵ Yugoslavia was also one of the countries which entered into an agreement with Great Britain in December 1935 for mutual assistance in the event of hostilities taking place in the Mediterranean as a result of the application of sanctions against Italy.⁶ The Government in Belgrade may well have found additional reason for satisfaction over this British assurance in the spring of 1936, when the Italian Government succeeded in tightening their grip upon Yugoslavia's small neighbour Albania.

¹ See the *Survey for 1934*, pp. 474-6.

² See footnote on p. 480, below.

³ For the Italo-Austro-Hungarian Pact of the 17th March, 1934, see the *Survey for 1934*, Part III C, section (ii).

⁴ See the *Survey for 1935*, vol. ii, pp. 83, 228, 235-6, 434.

⁵ *Op. cit.*, p. 434. An agreement for the increase of Yugoslav imports into Great Britain had been concluded before the end of the year 1935, and negotiations for similar arrangements with France were reported to be in progress at the turn of the years 1935 and 1936.

⁶ See *op. cit.*, pp. 253, 263, 267-8.

Italy's establishment of a sphere of special interest in Albania,¹ which gave her an excellent base for any operations that she might wish to conduct in South-Eastern Europe, had always been a source of anxiety to Yugoslavia. For some four or five years Albania had been making intermittent efforts to loosen the bonds which tied her to Italy,² but her strength had not proved equal to the task, and in October 1935 she had openly admitted her inability to throw off the Italian yoke by refusing to take part in the application of sanctions against Italy.³ In March 1936 Italo-Albanian negotiations which had been going on for some time ended in the conclusion of an agreement for additional Italian loans (including one for 10,000,000 gold francs, bearing interest at only 1 per cent., for the development of agriculture) in return for important Albanian concessions which would give the Italian Government control over virtually the whole economic system of Albania. Yugoslavia was especially perturbed over a report that the new arrangement included provision for the extension, under Italian supervision, of harbour works at Durazzo—a development which the Jugoslavs naturally suspected to be of strategic as well as of economic importance.

This forward move in Albania on Italy's part, combined with the heightened prestige with which she emerged from the Abyssinian affair, made the Yugoslav Government readier than they had been in 1935 to respond to Italian offers of friendship; and Monsieur Stojadinović may have found an additional motive for a *rapprochement* with Italy in a fear lest the increasingly close relations between Yugoslavia and Germany might involve Yugoslavia in too great dependence upon Berlin. On the other side, the inclination of the Italian Government to compose their differences with Yugoslavia appears to have been stimulated by the existence of the Anglo-Jugoslav assurances of mutual assistance, and Rome also had a new motive for the *rapprochement* in the need to set flowing again the currents of Italian foreign trade.

The Italian Government took the line that all the commercial agreements to which they had been a party with states which had imposed sanctions upon them had lapsed *ipso facto*, and Yugoslavia was one of the first countries which they approached with the offer to negotiate a new agreement. The first Italian overtures, which were made at the end of July 1936, were accepted with alacrity by Belgrade; for the loss of the Italian market during the sanctions

¹ See the *Survey for 1927*, Part II C, section (ii).

² See the *Survey for 1934*, pp. 535-6.

³ See the *Survey for 1935*, vol. ii, pp. 80, 211, 234, 426.

period¹ had not been completely compensated for either by the special arrangement with Great Britain or by the large increase in commercial exchanges with Germany.² A Yugoslav commercial delegation left for Rome in the middle of September 1936, and on the 26th of that month an agreement was signed which gave Yugoslavia unexpectedly favourable terms. The agreement, which was to be valid for six months and might be automatically prolonged at the end of that period, settled Yugoslav claims against Italy under the previous clearing agreement and provided for trade between the two countries on a compensatory basis (that is, with exports and imports balancing one another), up to a value of 62,000,000 lire for the half-year. This figure would enable Yugoslavia to export to Italy the equivalent of 52 per cent. of her total exports in the year 1934; and, since Yugoslav exports to Italy had not previously exceeded about 25 per cent. of the whole, it was not surprising that this very large increase in the Italian quotas should have made a strong impression upon Government circles in Belgrade. Monsieur Stojadinović told representatives of the Press after the signature of the agreement that the negotiations had been conducted in an atmosphere of complete understanding and friendliness, and he expressed a hope that the good relations which had been established between Italy and Yugoslavia in the economic field would pave the way for a political *rapprochement*.

Monsieur Stojadinović's declaration had a notably 'good Press' in Italy; but no further attempt to build upon this foundation was made until after the Italian Foreign Minister, Count Ciano, had paid the visit to Germany on the 20th-24th October, 1936, which marked the last stage of the process that culminated in the forging of 'the Rome-Berlin Axis'.³ It was, indeed, by no means clear to foreign observers how Signor Mussolini intended to reconcile his new policy towards Yugoslavia with a close association with Germany; for Germany also had been busily engaged in wooing Yugoslavia, and it might be supposed that she would regard the appearance of an Italian rival in Belgrade with no very favourable eye. It appeared, however, that Germany's desire to attract Yugoslavia into her own economic orbit was subsidiary to her desire to break up the Little Entente and isolate Czechoslovakia, and that, in order to secure this end, she

¹ Yugoslav industry was also hampered by the stoppage of imports from Italy. This was especially the case in respect of semi-manufactured textile materials. Efforts to obtain substitutes for these from Czechoslovakia were only partially successful.

² For Germany's economic 'Drang nach Südosten' in 1936 see the *Survey for 1936*, Part III, section (iv) (d).

³ See the *Survey for 1936*, Part III, section (vii).

was willing, at any rate for the time being, to let Italy 'make the running' with Yugoslavia—even though the Italo-Yugoslav *rapprochement* might lead on to a settlement partaking of the nature of a reinsurance agreement against further German expansion in South-Eastern Europe.¹ Whether or not a bargain on these lines was openly discussed during Count Ciano's stay in Germany, he had no sooner returned to Rome than the Italian Government made fresh advances to Yugoslavia. At the end of October a new Italian Minister arrived in Belgrade to take up his duties, and in his public statements he declared emphatically that the hope of a political agreement with Yugoslavia, to which the Italian Press was at that time devoting a good deal of space, was shared by the whole Italian people. Even more markedly friendly was the reference to Yugoslavia in the speech which Signor Mussolini delivered at Milan on the 1st November, 1936.²

In recent days [said the Duce], the atmosphere between the two countries [Italy and Yugoslavia] has greatly improved. You will remember that two years ago, in this very square, I referred clearly to the possibility of establishing bonds of cordial friendship between the two countries. To-day I declare that the necessary conditions—moral, political and economic—for putting these two countries on a new basis of real and concrete friendship are in existence.

As Monsieur Stojadinović pointed out to domestic critics of the *détente* with Italy,³ it would have been extremely difficult for any Government to reject an offer of friendship made with such *empressement* and accompanied by substantial economic concessions; but the progress towards a political settlement received much less publicity, and its attainment was greeted with much less enthusiasm, in Yugoslavia than in Italy. This restraint on the Yugoslav side was partly

¹ See also p. 466, above. Germany did not, however, neglect Yugoslavia during 1937; General Göring and Herr von Neurath visited that country during the year (see p. 409, above), and, in spite of the difficulties which were experienced in German-Yugoslav trade relations, and of the concessions made by Italy, there appeared to be little prospect that Italy would succeed in recapturing the economic position which she had occupied in relation to Yugoslavia before 1934 (for German-Yugoslav commercial relations see also pp. 462-3, above).

² See the *Survey for 1936*, p. 441. For the full text of the speech see *Documents on International Affairs, 1936*, pp. 343-7. The passage cited above followed hard upon a reference to the need for 'justice' to Hungary; but by implication Hungary was being encouraged to press her revisionist claims at the expense of Yugoslavia's allies and not of Yugoslavia herself.

³ 'Signor Mussolini', Monsieur Stojadinović told the Finance Commission of the Skupščina at the beginning of February 1937, 'held out the hand of reconciliation to us in his speech at Milan, and I consider that there could be no Government in our country which would not have grasped this hand. We shall wait for deeds to follow words, and if the deeds confirm the words we have no reason not to create an atmosphere of good neighbourliness and friendship.'

due to the fact that important sections of Yugoslav public opinion—which, as the sequel showed,¹ was still capable of making itself felt in spite of the restrictions upon its liberty which had been imposed on the establishment of the Dictatorship and only partially relaxed under the Stojadinović régime—was sharply critical of manoeuvres which looked to them like a reconciliation with an old enemy at the expense of old friends; and partly to the Yugoslav Government's desire to convince the old friends in question that appearances in this case were deceptive. The fact that negotiations for a treaty of friendship had been begun between Rome and Belgrade shortly after the delivery of Signor Mussolini's speech at Milan was carefully kept secret from the Yugoslav people. Monsieur Stojadinović made several statements on foreign policy in the Yugoslav Parliament during February and March, but although he referred in general terms to the *détente* with Italy,² he gave no indication that a political treaty was under negotiation, and indeed on the point of conclusion. Thus when it was announced, a day or two before Count Ciano's arrival in Belgrade on the 25th March, 1937, that the Italian Foreign Minister was about to pay his first official visit to Jugoslavia and that a political agreement was likely to be concluded on this occasion, public opinion was taken by surprise; for it had been generally assumed—and this in Prague and Bucarest as well as in Belgrade—that there was a good deal of ground still to be covered before Italo-Yugoslav relations would reach a point at which a settlement could be achieved.

Such an assumption on the part of the Czechoslovak and Rumanian Governments would have been not unnatural; for a meeting of the Permanent Council of the Little Entente was due to open in Belgrade on the 1st April,³ and a visit of the Czechoslovak President, Dr. Beneš, to that city had been arranged for the 5th April.⁴ The Governments in Prague and Bucarest might therefore well suppose that the Yugoslav Government would not take any decisive step in the direction of Italy until they had availed themselves of this early opportunity for discussing the whole situation with their allies. There could be little doubt, however, that Count Ciano's visit to Jugoslavia was deliberately arranged by the Italian Government in order to fore-

¹ See pp. 479 *seqq.*, below.

² For instance, in the speech to the Finance Commission of the Skupščina in February from which a passage has been quoted in footnote on p. 471, above. There were also debates on foreign policy, in the Skupščina on the 4th March and in the Senate on the 22nd March, in which Monsieur Stojadinović answered his critics by stressing his Government's fidelity to the traditional friendship with France and to their obligations as a member of the League of Nations.

³ See also p. 408, above.

⁴ *Loc. cit.*

stall the meeting of the Little Entente Council and President Beneš's arrival in Belgrade;¹ and it was no doubt difficult for the Government, without risking a *refroidissement* on the part of Italy and the loss of the economic benefits which they hoped to derive from the new relationship, to insist that Count Ciano should postpone his visit for a few days or to refuse to sign the agreements which he presented until they had consulted the other members of the Little Entente. At all events, the Italian Foreign Minister arrived in Belgrade on the 25th March, and on the same day an Italo-Jugoslav treaty of friendship and an economic agreement were signed by Count Ciano and Monsieur Stojadinović.

The terms of the political treaty of the 25th March, 1937, were not in themselves particularly sensational. A preamble, in which the two Governments affirmed their intention of opening a new era in their political and economic relations based upon 'sincere and permanent friendship', and their conviction that the 'maintenance and consolidation of a durable peace between their countries' would be 'an important factor in the peace of Europe', was followed by eight articles:

(1) The two countries undertake to respect their common frontiers on land and in the Adriatic, and if either should be the object of an unprovoked aggression by one or more Powers the other will abstain from all action calculated to benefit the aggressor.

(2) In case of international complications, and if the two countries are agreed that their common interests are or may be threatened, they undertake to inform each other of the measures to be taken to safeguard them.

(3) The two countries reaffirm their will not to resort to war in their mutual relations as an instrument of their national policy, and to resolve by pacific means all differences and conflicts which may arise between them.²

¹ The decision that Count Ciano should go to Belgrade before the Little Entente meeting seems to have been taken after Signor Mussolini's return to Rome from Tripoli on the 22nd March. Signor Mussolini had cut short his visit to North Africa by one day and, rightly or wrongly, foreign observers suspected a connexion between this curtailment and the reverse which Italian forces had just suffered in Spain (see vol. ii, pp. 65-6). It was possible that the arrangement of Count Ciano's visit to Belgrade at the last moment was attributable, at any rate in part, to the need for a success in the field of foreign relations which could be set off against the blow that had been inflicted on Italian prestige at Guadalajara. The conclusion of a treaty of friendship with Jugoslavia could be exploited in Italy as a diplomatic defeat for France; and in this connexion it was perhaps significant that Count Ciano's visit to Belgrade took place at a moment when the Italian representative on the Spanish Non-Intervention Committee in London had come to loggerheads with his French and British colleagues over his refusal to discuss the question of withdrawing foreign 'volunteers' from Spain (see vol. ii, pp. 298-9).

² Compare the corresponding provision in the Italo-Abyssinian Treaty of

(4) The two countries undertake not to tolerate in their respective territories activities directed against the territorial integrity or existing order of the other, or of a nature calculated to disturb their mutual relations.

(5) In order to give a new impulse to their commercial relations, in harmony with the amicable relations thus established, the two countries agree to intensify and expand the present exchange of goods and services and to investigate the possibilities of closer economic collaboration. A special agreement to this end will be concluded with a minimum of delay.

(6) The two countries agree that nothing in this agreement should be considered as contrary to the international obligations of the two countries, these obligations being public.

(7) This agreement is concluded for a term of five years. If it is not denounced six months before the lapse of this time it will be tacitly prolonged year by year.

(8) The agreement enters into force with the exchange of ratifications which will be made at Belgrade as soon as possible.

The text of this treaty was published immediately in Italy and Jugoslavia—before ratification, which took place on the 27th March—but this course was not followed in respect of a series of notes which were exchanged at the same time, the contents of which became known only through unauthorized summaries in the Press. According to these Press reports there were three of these notes: the first dealt with the question of Albania and stipulated that the *status quo* in regard to that country should be maintained and that Italy should not use her special position in order to prejudice Yugoslav trade with Albania; in the second note the Italian Government promised that the Croat and Slovene minorities in Istria and Venezia Giulia should enjoy cultural rights (for instance, that the publication of journals in their native languages should be permitted and that facilities for teaching those languages in schools should be provided);¹ while the third note apparently elaborated the provisions of Article 4 of the treaty, stipulating that neither Government should allow terrorist organizations or extremist movements to conduct activities prejudicial to the other in territory under its jurisdiction.

It will be seen that the political settlement which had been achieved

Friendship of the 2nd August, 1928: 'The two Governments agree to submit to a procedure of conciliation or arbitration any questions which may arise between them, and which it has not been possible to settle by the usual diplomatic means, without having recourse to the force of arms' (Art. 5).

¹ In the statement which he made to the Press after the signature of the agreements Count Ciano declared that his Government had already given instructions in this sense to the authorities in Istria and Venezia Giulia and that in addition twenty-eight political prisoners belonging to the Slovene minority had been set at liberty.

by the signature of the treaty of friendship and the exchange of notes (assuming that the reports regarding the content of the latter were substantially true) covered practically all the questions at issue between Italy and Yugoslavia and had been brought about by means of mutual concessions. Italy had obtained from Yugoslavia the acceptance of the special position which Italy had acquired for herself in Albania and the promise of neutrality in the event of Italy becoming 'the object of unprovoked aggression' (a promise, however, which appeared to be of doubtful value in view of the provision in Article 6 that existing international obligations were not to be overridden by the new agreement). Italy also appeared to have secured an at least implicit recognition from Yugoslavia of her conquest of Abyssinia, for the treaty was drawn in the names of the King of Yugoslavia and the 'King of Italy, Emperor of Ethiopia'.¹ On the other hand, Yugoslavia had obtained from Italy a formal undertaking to respect her territorial integrity; promises of the withdrawal of support from Croat *émigrés* and of a change of attitude towards the Yugoslav minority in Italy; and a recognition of the binding nature of Yugoslavia's existing alliances and treaty obligations. These Italian concessions to Yugoslavia were of considerable political importance, since they signified the abandonment of the standpoint from which Rome had hitherto regarded Belgrade; but the fact remained that Italy (with the exception of her long-overdue recognition of Yugoslavia's frontiers) was giving in the political treaty little but promises on the fulfilment of which it might be unwise for Yugoslavia to place too much reliance. In the economic field, however, Yugoslavia certainly seemed to have secured the best of the bargain, for the commercial treaty which was signed at the same time as the treaty of friendship provided for further important concessions by Italy.

Under the commercial treaty of the 25th March, 1937, Italy undertook to increase her quotas of Yugoslav imports over and above the figures agreed upon in the previous September, and to pay for certain products in foreign exchange. It was also agreed that the commercial relations between the two countries should be based on the principle of unconditional most-favoured-nation treatment—in other words, that Yugoslavia should enjoy any preferences which Italy accorded to Austria or Hungary in virtue of the Rome Protocols (the application of these preferences had continued to be detrimental to Yugoslav trade after the conclusion of the agreement of the 26th

¹ The recognition was definitely confirmed in November 1937, when a new Yugoslav Minister in Rome used the prescribed formula in presenting his credentials.

September, 1936).¹ The amount of the contemplated increase in the Italian quotas, and the value of the Yugoslav products which were to be paid for in foreign exchange, were not stipulated in the treaty,² but it provided that these questions should be settled by a Permanent Economic Committee which was to be set up within one month of the date of signature of the agreement and which was to be responsible for the development of closer economic collaboration between the two countries.

The published or reported terms of the Italo-Yugoslav treaties and notes of the 25th March, 1937, hardly appeared to justify the enthusiasm with which the settlement was greeted in Italy. The Italian and German Press might interpret the fact that there was no mention of the League of Nations in the text of the political treaty as a sign that Jugoslavia had acted upon a suggestion made by Signor Mussolini in his Milan speech of the 1st November, 1936 (he had described the 'vertical line between Rome and Berlin' on that occasion as 'an axis round which all the European states animated by the will to collaboration and peace can also collaborate'); but in Belgrade the tendency was rather to emphasize the provisions of Article 6 of the political treaty as a proof that Jugoslavia was not off with her old love because she was on with the new. Thus Monsieur Stojadinović, in the exchange of toasts at a dinner in Count Ciano's honour on the evening of the 26th March, declared that Jugoslavia remained faithful to the principles on which her foreign policy had always been based and to the obligations into which she had entered; and when he received representatives of the Press on the same day he assured them that the agreement with Italy was not directed against any third party, and that it in no way affected Jugoslavia's old friendships, her international engagements or her obligations under the League Covenant. (It may be noted that Count Ciano was also careful, on the same two occasions, to explain that the agreement was not directed against any other nation and to describe it as a

¹ Jugoslavia's exports of timber and cattle to Italy were in direct competition with Austrian and Hungarian exports, and it was partly for this reason that the resumption of Yugoslav imports from Italy was carried into effect with greater speed and thoroughness after the conclusion of the September agreement than the resumption of Italian imports from Jugoslavia.

² The correspondent of *The Times* in Belgrade reported (see the issue of the 27th March, 1937) that it was the intention of the Italian Government that the Yugoslav quotas should be more than doubled (raised, that is, from an annual value of 124,000,000 lire under the September 1936 agreement to an annual value of 320,000,000 lire) and that Italy was prepared for her imports from Jugoslavia to exceed her exports to that country by more than 100,000,000 lire; but this statement was not based upon the actual terms of the treaty as it was published in the Italian Press.

contribution towards general peace and security.) As has been mentioned already,¹ Yugoslavia's fellow members of the Little Entente—whether or not Monsieur Stojadinović's assurances carried any real conviction—put a good face upon the situation and expressed their satisfaction at the Italo-Yugoslav settlement.

During the nine months following the signature of the Belgrade Agreements, relations between Italy and Yugoslavia followed lines that had been explored with success by other countries which had long been on bad terms and whose Governments had decided upon a *rapprochement*. An Italo-Yugoslav Cultural Society was founded in April, and the Government in Rome endeavoured to foster feelings of friendliness in Yugoslav minds by inviting parties of journalists to visit Italy as their guests; by providing funds in order to permit students from Belgrade University to pursue their studies in Italy; and by arranging for an exhibition of modern Yugoslav art in Rome.² In September an Italian military mission attended the Yugoslav army manœuvres and in return a Yugoslav military mission made a tour of Trieste, Venice, Milan, Turin, Florence and Rome on the 7th-8th November. In the middle of July two Italian warships arrived at Cattaro for the first courtesy visit ever paid by the Italian Navy at a Yugoslav port.³ In the economic field, the first meeting of the Permanent Committee which had been set up under the terms of the commercial agreement of the 26th March took place in Rome at the end of June; the second meeting, which it had been intended to hold in December, was postponed until January 1938.⁴ At its first meeting the committee seems to have been engaged principally in discussing methods of giving effect to the Italian promise that Yugoslav products should receive the same preferential treatment as Austrian and Hungarian products; and it appeared probable that it would encounter considerable difficulty in fulfilling its main task of promoting an increase of trade between the two countries, since the progress of Italy in the direction of self-sufficiency and the simultaneous extension of Yugoslav industry (especially textile manufacture) were likely to restrict the possibilities of developing commercial exchanges.

It was noticeable that, in the efforts to buttress the still somewhat shaky edifice of Italo-Yugoslav friendship which were made during

¹ See p. 408, above.

² An exhibition of Italian art in Belgrade took place in May 1938.

³ A return visit by a Yugoslav naval mission took place in April 1938.

⁴ It was held in Belgrade on the 12th-17th January, and resulted in the conclusion of a supplementary agreement for the regulation of commercial exchanges and methods of payment.

the nine months April to December 1937, the initiative generally came from the Italian side and the Yugoslav response continued to be cautious and reserved. Monsieur Stojadinović, for instance, was in no hurry to arrange a visit to Italy which had been agreed upon in principle immediately after the signature of the Belgrade agreements; he postponed his journey to Rome until after his visit to Paris and London in October and his renewal of the Franco-Yugoslav Pact;¹ and when he did finally arrive in Italy on the 5th December he did not allow the demonstrative welcome which he received to influence his determination not to enter into any new political commitments. There had been rumours that the occasion would be marked by the adherence of Jugoslavia to the Anti-Comintern Pact and her recognition of General Franco's régime as the Government of Spain, but in neither of these matters did Monsieur Stojadinović fall in with what were believed to be the wishes of Signor Mussolini. Neither the toasts which were exchanged at the official banquet nor the *communiqué* issued at the close of Monsieur Stojadinović's visit threw much light on the nature of the discussions; but it appeared that these had in fact dealt principally with the questions of minorities and of economic relations. In regard to minorities, Yugoslav opinion was far from being satisfied by the manner in which the Italian authorities had been carrying out the promises given in March,² and Monsieur Stojadinović was reported to have made strong representations on this subject. As a gesture of conciliation, the Italian Government had ordered the release of a further batch of political prisoners in Venezia Giulia before Monsieur Stojadinović arrived in Rome, but they seem to have shown a tendency to bargain for concessions to Italians in Dalmatia (and also, it was rumoured, for a more determined effort on Jugoslavia's part to come to an agreement with Hungary) in return for any further improvement in the position of the Yugoslav minority in Italy. The principal result of the economic conversations appears to have been an understanding that the excess of Yugoslav exports over Italian exports should be paid for, not in foreign exchange as the agreement of the 25th March had stipulated, but in the products of Italian heavy industry, including armaments as well as aircraft and rolling-stock (an arrangement which, if it were carried out, might well prove to be more effective than direct political moves in bringing Jugoslavia into the

¹ See p. 409, above.

² Dr. Korošec, the leader of the Slovene clericals, was said to have approached Monsieur Stojadinović on this matter before the latter's departure for Rome and to have pressed him to demand that the terms of the Belgrade Agreement should be carried out without delay.

Italian orbit). On the 8th December, Monsieur Stojadinović visited Milan on his way back to Belgrade and inspected some of the factories which would receive Yugoslav custom under this arrangement.

Monsieur Stojadinović's visit to Rome had been arranged (again, no doubt, of set Italian purpose) to precede by a few days the arrival of the French Foreign Minister at Belgrade in the course of his tour of East European countries,¹ and in these circumstances it was specially significant that the Yugoslav Prime Minister should have referred at a dinner in Monsieur Delbos's honour to collaboration with France as the 'base-line' of his foreign policy, and that the official *communiqué* on the Franco-Yugoslav conversations should have mentioned Yugoslavia's membership of the League as well as her friendship with France.² These protestations of fidelity to existing obligations and the restraint which Monsieur Stojadinović had displayed towards Italy were probably dictated at least as much by internal political considerations as by the influence of Yugoslavia's old allies, and for that reason a picture of Italo-Yugoslav relations can hardly be completed without sketching in the Yugoslav political background.

The Government at Belgrade must always have been aware that the *détente* with Italy was by no means popular with the Yugoslav military class (whose leaders could not be expected to abandon immediately the conception of Italy as the arch-enemy which had filled their minds for nearly twenty years), and they also knew that it was much disliked by the democratic elements in the political world which were in opposition to the Government. Monsieur Stojadinović's semi-dictatorial régime probably never felt itself sufficiently firm in the saddle to be able to ignore public opinion altogether, and as a result of developments which took place during 1937 the Prince Regent and his Prime Minister found it necessary to pay greater heed to expressions of the public will. The efforts which Prince Paul and Monsieur Stojadinović had been making to modify the more objectionable features of the Dictatorship and conciliate the non-Serb portion of the population (so far as that was possible within the limits of King Alexander's Constitution) had achieved a certain measure of success in relaxing internal tension, but they had not by any means rallied the whole nation—or even the major part of it—to their support; and the Opposition, which showed itself strong enough in 1937 seriously to threaten the Government's security of tenure, made a reversion to a Francophil foreign policy one of the planks in its platform.

¹ See pp. 341-2, 409, 463, above.

² See p. 342, above.

When Count Ciano visited Belgrade in March 1937 there was an anti-Italian demonstration in the streets by students and members of political groups of the Left. Ten days later the same feelings found vent again, for the enthusiastic crowds which greeted President Beneš when he arrived in Belgrade on the 5th April for a three days' stay¹ raised cries of 'Long live united democracy' and 'Down with Fascist Italy'. President Beneš's visit also provided the occasion for the issue of a manifesto by the 'Belgrade Opposition'² in which the foreign policy of the Government was strongly criticized, and Monsieur Stojadinović was accused of abandoning the traditional principles of close collaboration with France and the Little Entente and following a line with which the Yugoslav people were completely out of sympathy.

The extra-parliamentary Opposition continued during the following months to find the *détente* with Italy a useful stick for beating the Government, and during the summer anti-Italian sentiment coalesced with religious feeling in an agitation against the Concordat with the Vatican which dominated the political scene for many weeks and which came within measurable distance of upsetting the precarious balance that Monsieur Stojadinović had established.

The Concordat had actually been signed as far back as the 25th July, 1935, just after the formation of the Stojadinović Government, and its origin could be traced to the days when Monsieur Jevtić was conducting the administration under the direct control of King Alexander. The status of the 5,000,000 Catholics of Slovenia, Croatia, Slavonia, Dalmatia and Bosnia, who formed the second largest church in Yugoslavia (the adherents of the Orthodox Church numbered about 6,500,000), had hitherto been regulated by a series of Concordats which had been concluded by the Vatican with various

¹ See also p. 408, above.

² The Belgrade Opposition consisted of the three Serb parties—Radicals, Democrats and Agrarians—whose existence had been declared illegal by King Alexander, but who had continued to carry on political activities despite the ban. In the campaign for parliamentary elections which were held on the 5th May, 1935, the Serb Democrats and Agrarians had formed a bloc with the Croat Peasants and Democrats and with the Bosniak Muslims, and this bloc had achieved a substantial measure of success. The Government, however, by making use of the means at their disposal for swinging the elections in their own favour, had succeeded in securing more than 60 per cent. of the votes cast; and the Croat and Serb Opposition parties had then decided to abstain from any participation in the proceedings of Parliament. The Bosnian Muslims, on the other hand, had joined Dr. Korošec's Slovene Clericals in supporting the Government which Monsieur Stojadinović had formed in June 1935 (after negotiations between Prince Paul and the Croat leader Dr. Maček had broken down over the latter's insistence on a federal solution of internal problems).

provinces of the Austro-Hungarian Empire that had been incorporated into Yugoslavia in the Peace Settlement. It was evidently desirable from the point of view of the Catholic population of Yugoslavia that these regional arrangements should be co-ordinated on a national basis; but there was little doubt that King Alexander also had ulterior political motives for his approach to the Vatican. He probably hoped thereby to ensure the withdrawal of Vatican support for Croat separatist aspirations, and at the same time to weaken Dr. Maček's hold over his followers by giving the more clerically minded of the Croats an inducement to come to terms with the Government at Belgrade. This political aspect of the Concordat perhaps helped to account for the fact that the terms of settlement on which agreement was reached were so favourable to the Vatican as to arouse the strongest opposition from Orthodox Serbs, who felt that their Catholic fellow nationals were being given not equal but preferential treatment, which would place them in a position of dominance.¹

In view of the attitude of the Orthodox Church, the Stojadinović Government had let the Concordat lie for eighteen months without attempting to submit it to the process of ratification which was required before it could come into force; but early in the year 1937 Monsieur Stojadinović introduced a Bill for ratification into Parliament. It was not clear whether this decision had in fact any connexion with the Government's policy towards Italy, but it was not unnatural that the proposed ratification of the Concordat should have been associated with the Belgrade agreements in the public mind, and that to the easily inflamed national feeling of the Serb peasant the Pope and Signor Mussolini should appear to have entered into a sinister alliance for the destruction of Serbian independence. Orthodox feeling against the Concordat seems indeed to have been deliberately exploited by the Government's political opponents, in the hope that by this means they would be able to perform a feat which was beyond their own unaided strength and bring about the Government's fall.

When, at the end of June 1937, the Skupščina assembled with the ratification of the Concordat as one of the principal items on its programme, the excitement in Belgrade rose to fever heat. The agitation was stimulated by rumours that the Patriarch Varnava, who was lying seriously ill, had been poisoned by political enemies who

¹ This view was shared by certain prominent members of the Church of England who were in close and sympathetic relations with Orthodox Christendom. See, for instance, an article by the Bishop of Gloucester which was published in *The Times* on the 4th May, 1937, and a letter from the Bishop of Lincoln which appeared in the same journal on the 7th July, 1937.

wished to eliminate the leading opponent of the Concordat; and it reached its culminating point when, on the 19th July, a procession from the Cathedral came into collision with the police¹ and an Orthodox Bishop and a priest who was also a deputy were among those who were injured. Monsieur Stojadinović, however, refused to be intimidated into abandoning the Bill, which was passed by a docile Government majority in the Skupščina, by 167 votes to 127, on the 23rd July. When the vote was taken, the Patriarch was lying at the point of death, and he expired a few hours later.

Monsieur Stojadinović then made an admission of the strength of the opposition to the Concordat by announcing that he did not intend to submit the Bill for ratification to the Senate (in which he was not sure of a majority) until the efforts which he intended to make to reconcile Orthodox opinion had met with some success. He had hoped that the agitation would die down as soon as the Skupščina had finished with the Bill, but this hope was not fulfilled. The Holy Synod excommunicated all the Orthodox deputies who had voted for the Bill and all the Orthodox members of the Government, including Monsieur Stojadinović, with the exception of the Minister for War, General Marić;² there were further anti-Governmental demonstrations in Belgrade on the 29th July when the Patriarch Varnava's funeral took place; and during the next few weeks there were riots in provincial towns, where members of the Government who attempted to explain the official point of view on the Concordat were mobbed and prevented from speaking. In face of the determined attitude of the Orthodox Church, Monsieur Stojadinović told Press correspondents in Belgrade in the second week of October that the Concordat would not be submitted to the Senate; during his visit to Rome in December he explained the situation at the Vatican and obtained the Pope's concurrence in an indefinite postponement of ratification; and on the 21st January, 1938, Dr. Korošec made a statement in the Skupščina which was interpreted to mean that the Government did not intend to enact any Concordat with the Vatican—not even a revised version in which the provisions that had been specially objectionable to Orthodox opinion should have been dropped. Having won their victory, the Church authorities withdrew their edicts of excommunication on the 10th February, 1938, and the

¹ The reason given for police interference with the procession was the not very convincing one that it was suspected of being a Communist demonstration.

² His exclusion was officially said to have been due to the fact that he had taken no part in promoting the Bill, but it was widely attributed to the reluctance of the Church to alienate the Army.

reconciliation between the Government and the Church was sealed by the summoning of an Assembly for the election of a new Patriarch on the 24th February.¹

Meanwhile, the extra-Parliamentary Opposition had been engaged in closing their ranks against a Government whose position, they hoped, was now seriously shaken—even though the campaign against the Concordat had failed to produce the desired result of causing Monsieur Stojadinović's fall.² Early in September 1937 it became known that negotiations which had been going on for some time between the leaders of the 'Belgrade Opposition' and Dr. Maček were on the point of conclusion and that the formation of a democratic bloc—representing, according to some estimates,³ between seventy and eighty per cent. of the whole population—might be expected at an early date.⁴ This was a move in the direction of national unity that could hardly be welcome to the Government against which the combination was directed, even though the reconciliation of Croats and Serbs was one of the professed objects of that Government's policy; and the first reaction of the Prince Regent and Monsieur Stojadinović took the form of a renewal of previous attempts to come to terms with Dr. Maček themselves. But an interview between Prince Paul, the Prime Minister and the Croat leader, which took place on the 10th September, had no result; and a few days later it was announced that complete agreement in principle had been reached between Dr. Maček and the Belgrade democratic leaders. The formal agreement was not, however, actually signed until the 7th October. The programme of the democratic bloc provided for the formation of a 'Government of Concentration' (including, apparently, all parties except the present Government's supporters) which would promulgate a provisional democratic Constitution to remain in force until a

¹ The election of a Patriarch had had to be postponed because the Constitution provided that Orthodox Members of the Government should have the right to vote.

² When the crisis was at its height at the end of July, protests against the Concordat and appeals for the dismissal of Monsieur Stojadinović were said to be pouring in upon the Prince Regent from all quarters.

³ See *The Daily Herald*, 17th November, 1937.

⁴ The alliance between the Croats and the Serb Democrats and Agrarians which had been concluded during the electoral campaign in 1935 (see footnote on p. 480, above) had not lasted after the elections had taken place. In 1937 the third of the Belgrade Opposition parties—the Radicals—overcame the objections to Croat federalist aspirations which they had previously found insuperable and agreed to join the common democratic front with the Croat Peasant Party. There was a fifth component of the front—the Independent Democratic Party, including both Croats and Serbs, which had long been working in close association with the Croat Peasants.

permanent Constitution had been worked out by a National Assembly. The revised Constitution would be based on the principles of a united nation of Serbs, Croats and Slovenes in a parliamentary democratic state under a Karageorgević monarch, but it would also presumably satisfy Croat claims for a large measure of federal autonomy. In foreign policy, the democratic bloc favoured the abandonment of the Concordat¹ and a close collaboration with France and the Little Entente—with the corollary, presumably, of a cooling off of relations with Italy and Germany.

This programme was presented to the Prince Regent before publication, with the request that he should dismiss Monsieur Stojadinović incontinently and appoint a 'Government of Concentration' which would proceed to revise the Constitution. Prince Paul's response was to agree with Monsieur Stojadinović upon a reconstitution of the Government under his leadership, in which some of the Orthodox Ministers (notably Monsieur Subotić, who, as Minister for Justice, had been the member of the Government most closely associated with the Concordat Bill) and two Croat Ministers were eliminated and replaced by other prominent members of the Government party.² One of the first acts of the reconstituted Government was to announce the abandonment of the Concordat;³ but save in this respect it was made clear that no change in the internal or foreign policy of the earlier Stojadinović Government was to be expected. The suggestion for a revision of the Constitution was dismissed as impossible during the young King's minority; and the proposals of the democratic Opposition were strongly criticized by Government supporters at the opening of the new parliamentary session in the third week of October. The Government scored a success on this occasion by securing the election of their candidates for the Presidency of the Skupščina and of the Senate, and their position was further strengthened by the gradual improvement in relations with the Orthodox Church which preceded the formal reconciliation in February 1938.⁴ In foreign policy, Monsieur Stojadinović's successive visits to Paris and London in October, to Rome in December, and to Berlin in January 1938⁵ indicated that he was still bent on being all things to

¹ The official Croat view was apparently that the Concordat must be opposed because it was a point of principle to oppose every action of the Government, but this did not preclude condemnation of the Orthodox campaign against the Concordat—which, in the Croat view, was inspired by chauvinism and hatred of the Catholic Church.

² A reshuffle of the Cabinet had already taken place a month earlier.

³ See p. 482, above.

⁴ See pp. 482–3, above. A partial election of Senators which took place early in February went in favour of the Government.

⁵ See p. 409, above.

all men ; and when he declared before the Budget Committee of the Skupščina just before Christmas that Yugoslavia had been successful in keeping old friendships and making new ones it was evident that he could still count on the support of a large parliamentary majority for this policy. Outside Parliament there continued to be signs of dissatisfaction—for instance, a pro-French and, by implication, an anti-Italian and anti-German¹ demonstration in the streets of Belgrade on the occasion of the visit of a deputation of French officers at the end of October 1937—but when once the agitation over the Concordat had died down, the political Opposition appeared to have lost any immediate chance of ousting the Stojadinović Government from office. In the spring of 1938 there seemed to be little prospect that Monsieur Stojadinović and his colleagues would make way for a Government which might revert to Yugoslavia's traditional foreign policy.

¹ The fact that Monsieur Stojadinović's policy of good relations with Germany was little, if any, more popular with the Yugoslav public than the *rapprochement* with Italy had been attested by the hostile demonstrations in the streets of Belgrade on the occasion of Herr von Neurath's visit in June 1937 (see p. 409, above).

PART V

THE MEDITERRANEAN

(i) Unrest in the North-West African Territories under French Rule (1927-37)

(a) THE TRANSFER OF THE MAGHRIBĪ OPPOSITION FROM THE MILITARY TO THE CIVIL SPHERE

IN a previous volume in this series¹ the affairs of North-West Africa (*Arabicè*, the Maghrib, i.e. the West of the Islamic World) have been dealt with in their international aspect from the coming into force of the peace settlement after the General War of 1914-18 down to the surrender of the Rifi leader 'Abdu'l-Karim to the French Army, co-operating with the Spanish Army in the Spanish Zone of Morocco, on the 27th May, 1926. During the next decade North-West Africa was happy in having no external history; but the unrest that was rife throughout this region in 1937 showed that the superficial appearance of tranquility had been partly deceptive; and since these North-West African disturbances had a bearing on the international situation in the Mediterranean, and therefore in the world as a whole at a time when the Mediterranean had once again become a political storm-centre, the Maghrib now requires notice once more in this *Survey*.

In 1937 North-West Africa was playing a part in international affairs throughout its whole extent from the Libyan frontier of Egypt to the African coast of the Straits of Gibraltar. In Libya an Italian Army of considerably greater strength than was required for maintaining the Italian ascendancy over the native population was being retained as an instrument for exercising pressure upon Great Britain through Egypt and upon France through Tunisia. In the Spanish Zone of Morocco native volunteers were being enrolled for service over the water which was to carry them deeper into the Iberian Peninsula than any Moorish troops had penetrated within the past thousand years. The Moroccan soldiery that were thus being hired by Spaniards to take Spanish lives and to destroy Spanish property were avenging the overthrow of 'Abdu'l-Karim and the consequent loss of Rifi liberties more quickly than would have seemed credible to any foreign observer in 1926. But at the time of writing in the spring of 1938 it was still too early to register the repercussions on North-West Africa of this Moorish participation in a European

¹ The *Survey for 1925*, vol. i, pp. 92-188.

War. The present survey is therefore confined to that major portion of the Maghrib which was under French rule at the time.

In 1937 France was meeting with troubles in the Maghrib which were different in kind from those over which she had triumphed in 1926. 'Abdu'l-Karīm's successful repulse of the Spaniards and initially successful attack upon the French had then momentarily raised the question whether the native barbarians of the Maghrib might not succeed in preventing the completion of the Frankish conquest of their subcontinent which had been begun nearly a hundred years back when the first French troops had landed on Algerian soil in 1830; and if in 1925 the still unsubdued tribesmen of the Rif had succeeded in pushing their offensive against the French far enough to join hands with the still unsubdued tribesmen of the Atlas, the web of Frankish conquest in the Maghrib might have begun to unravel.¹ Upon the collapse of 'Abdu'l-Karīm in 1926 this vision faded, and the completion of the Frankish conquest of North-West Africa, which the Rifi patriot had striven to avert at the eleventh hour, was triumphantly completed eight years later. The summer of 1926 itself saw the erasure of the *tache de Taza*—a spot of hitherto unsubjugated hill-country at the northern end of the Atlas, where this great mountain-mass approached nearest to the lesser mountains of the Rif. In the previous year 'Abdu'l-Karīm's advance-guards had only just failed to break through into this neighbouring fastness of unsubdued barbarism across the narrow intervening corridor of lower and more open country which carried the sole French line of communication overland between the Moroccan lowlands under French control along the Atlantic seaboard and the French dominions in Algeria and Tunisia.² In 1926 the collapse of resistance in the Rif was followed at once by its suppression in the *tache de Taza* as well, through the pressure of the largely increased man-power and material which the French military authorities had at their disposal for employment in this quarter after the termination of the Rifi War. Therewith the French had mastered the last hostile strong point that in any way threatened their general strategic command over Morocco; and they could proceed at their leisure—with the greatest possible use of the weapon of conciliation and the least possible sacrifice of French and Moroccan lives—to finish the pacification of the Southern Atlas and of the Moroccan fringes of the Sahara. The task of pacifying the highlands

¹ See the *Survey for 1925*, vol. i, pp. 132-3 and 137-8.

² On the 29th July, 1925, the Rifis had succeeded in cutting for a few hours the French railway which ran via Tāzā from Rabāt and Fez (Fās) in Morocco to Tlemçen (Tilimsan) in Algeria (the *Survey for 1925*, vol. i, p. 138).

had been substantially completed by the end of the campaigning season of 1933. The next year saw the completion of the pacification of the Far South right up to the desert frontier of the Protectorate; and this set the seal of achievement on the ambitious military enterprise to which France had committed herself when the first French troops had been sent into Morocco in 1907.¹ The last operation in this twenty-seven-years-long war was the junction of a detachment of Moroccan with a detachment of Mauretanian French troops at Al-Gardān on the 7th April, 1934;² but the French were given no pause for resting on their laurels. Before they had completed their military labours in North-West Africa, the gradually maturing civil effects of a French conquest that had been spread over more than a hundred years were beginning to give the conquerors serious trouble.

In the Maghrib in this case, as so frequently elsewhere, the effect of a military decision was not to eliminate a social problem but merely to transfer this problem from the external to the internal department of the victorious Power's affairs. France had no sooner overcome the century-long resistance with which she had been meeting in the Maghrib from the swords and muskets of barbarian tribesmen than she found herself confronted with the more baffling opposition of a Maghribi public which had meanwhile become assimilated socially to its Frankish conquerors, at least to the extent of learning some of the tricks of the Platform and the Press. This new-fangled political warfare of a half-Westernized Maghribi *intelligentsia* was now being waged on the relatively largest scale in Tunisia,³ which was the only one of the three French dominions in the Maghrib which France had managed to occupy without fighting. It was in Morocco, however, that the transference of the struggle from the battlefield to the newspaper column and the public meeting was the most revolutionary in its social effect,⁴ because in Morocco there was no chrono-

¹ A summary account of the whole French conquest of Morocco, from 1907 to 1934 inclusive, will be found in *Renseignements Coloniaux* (published by the Comité de l'Afrique Française as a supplement to their monthly bulletin), 1936, pp. 113-28.

² In a different field the seal was set upon the completion of the establishment of the French protectorate over Morocco when, in an Anglo-French Convention of the 29th July, 1937, British capitulatory rights in Morocco were surrendered in exchange for a corresponding surrender of French capitulatory rights in Zanzibar. The text of the convention was published as the British parliamentary paper *Treaty Series No. 8 (1938)* [Cmd. 5646].

³ The reason for this was that in Tunisia, at this time, a larger fraction of the total population was already politically awake than in Algeria and, *a fortiori*, than in Morocco.

⁴ Though this Moroccan political agitation was still rudimentary and ineffective by comparison with the contemporary movement in either Tunisia or Algeria.

logical interval at all between two chapters of social history which were divided from one another by a vast psychological gulf.¹

Before attempting to describe some of the features of the struggle between France and the Maghribis in a chapter of history in which the contest was waged between civilians on a domestic front, it may be convenient to recall what was the nature of the French policy that was evoking Maghribi opposition in this non-military field.

(b) THE FRENCH POLICY OF ASSIMILATION

For any Power bearing rule over an alien community, there must always be a broad choice between two alternative policies (unless, of course, the ruling Power is bent exclusively upon exploitation). In so far as the rulers are concerned to improve the lot of the subject people for whose destinies they have made themselves responsible, they must set before themselves, as their ultimate aim, the removal of the social inequality which is inherent in the distinction between a dominant and a subject community; but this single ultimate aim can be approached along two quite different paths. On the one hand the ruling Power may aim at raising the subject community as a whole to an equality with itself by training it to qualify for eventual admission into the comity of fully self-governing nations; or on the other hand it may aim at raising the individual member of the subject community to an equality with the individual member of the dominant community by training him to qualify for eventual admission into the dominant community's ranks. In the modern Western World during the century ending in 1937 the classical examples of these two alternative policies were the nation-building policy of Great Britain in India and the assimilationist policy of France in the Maghrib.

In the ever extending range of North-West African territories that French arms had been bringing under French rule since 1830 France had been attempting to apply in an Islamic environment a policy which she would also have been putting into effect in her own native Europe if Napoleon had not failed, by overreaching himself, to consolidate the Central European fragments of the Western World in a French mould. Between the outbreak of the Revolutionary War in 1792 and the final fall of Napoleon in 1815 the French had overrun the no-man's-land of Netherlandish, German, and Italian petty states beyond the eastern borders of France and had forcibly impressed

¹ The year 1934 saw both the completion of the French conquest of Morocco and the publication of a 'Plan de Réforme Marocaine' by a Muslim Nationalist Parti de Réformes Marocaines.

upon these at that time rather old-fashioned communities the stamp of a more modern French version of a common Western culture. On the military and political side this French enterprise had been abortive; but the French Empire which had been lost in Central Europe in 1815 was refounded in North-West Africa fifteen years later; and from 1830 onwards France set herself to carry out in an outlying corner of the Islamic World the task which she had failed to perform in her own world at her own doors.

When they landed on the shores of the Maghrib in 1830, the French found themselves in the presence of a world which was more diverse in itself, as well as more alien from France, than the Central European no-man's-land which the French had been compelled at Waterloo to evacuate once for all. The sub-continent of Africa Minor in which French arms began, in 1830, to carve out a new French Empire, was inhabited at the time by a medley of nationalities and classes. There was a small and exotic Turkish-speaking ruling class in the capital cities of Algeria and Tunisia, which were at least nominally dependencies of the Ottoman Empire. There was an older-established Arabic-speaking population in the towns and villages of the settled and cultivated lowlands; and this element was in strongest force at the two extremities of the whole region: in the Tunisian Sâhil, facing eastwards across the Syrtes towards Egypt and Syria, and in the lowlands of Morocco, looking out over the Atlantic. Finally there was a Berber element—far older than either of the other two, if not literally autochthonous—which was still increasing and multiplying in its mountain fastnesses from the Atlas and the Rif on the west to Kabylia and the Aurès on the east. This linguistic diversity was variegated by a cross-division of the same population into townsfolk, peasants, petty nomads of the highlands and nomads on the grand scale on the steppes. The pastoral ranges of the Sahara were divided between nomads of Berber and of Arab speech; and these purposeful wanderers in the desert were counterparts of the fishermen and pirates who followed their analogous trades along the Mediterranean and Atlantic coasts. The Maghrib was indeed virtually an island which was insulated from the Sudan by the sandy sea of the Sahara more effectively than it was from Europe by the watery sea of the Mediterranean. The camel caravans (soon to be replaced by motor-cars and aeroplanes) that plied across the Sahara from the desert ports of Biskrah and Laghwat to Timbuktu were comparable with the sailing ships and their steam-driven successors which plied from Algiers to Marseilles or from Bône to Genoa. But in spite of the technical conquest of the Desert by the internal combustion engine, the

transit of the Mediterranean was still, at the time of writing, more rapid, frequent and safe than the transit of the Sahara, so that, if the Maghrib was to be accounted an island, it was to be reckoned as a European island rather than an African one. And indeed in climate and race, as well as in accessibility, the Maghrib was much closer to Europe than it was either to the Basin of the Niger or to the Basin of the Nile.

Since 1830 the French had been engaged on the audacious enterprise of transforming the peoples and lands of this great Islamic island into new blood and soil for the Greater France which the French had failed to establish on European ground in 1792–1815. Algeria, which had been the first of the three Islamic states in the Maghrib to be conquered by the French invaders, had not only been annexed to France; the northerly parts of the country, including all the coast and most of the plateau, and containing about 90 per cent. of the whole population, had been administered, since 1881, as three departments which ranked juridically as integral parts of the metropolitan territory of France.¹ It was true that this juridical incorporation of North-West African territory into the body politic of France had been confined so far to Algeria. In Tunisia and in Morocco, France had been content to declare protectorates which had left intact the forms of separate statehood and native government. The French were still ruling Tunisia in the name of a Turkish Bey and Morocco in the name of an Arab Sharif; and in Morocco, in particular, Marshal Lyautey had carried the system of indirect rule to British lengths. Lyautey's genius, however, was not in tune with his country's tradition; and at the time of writing it was uncertain how far the impress left by a single man, however creative and commanding, could prevail against the tradition and trend of the Power whose representative he had been for the brief term of one individual's working lifetime.² On a

¹ According to the Algerian census of the 8th March, 1936, the total population of Algeria was then 7,234,684; and, of these, 6,592,033 souls were resident in the three departments of Constantine, Algiers, and Oran, while only 642,651 were to be found in the southern territories.

² Marshal Lyautey's departure from Morocco was, indeed, followed by a rise in the number both of the French officials employed in the administration of the protectorate (they were said to have increased from 6,500 in 1925 to 19,371 in 1932) and in the number of French agricultural settlers on Moroccan soil (from about 2,000 to about 3,000: see p. 493 with footnote 4 below). The post-Lyautey agricultural settlers were inferior in quality to the *élite* whom the Marshal had admitted. Under the impact of the World Economic Crisis many of them collapsed and were threatened with being sold up in discharge of debts which they had contracted to cover the initial expenses of installation. In 1931 the Moroccan Government spent some 90,000,000 francs (i.e. about 10 per cent. of its whole revenue) in paying the colonists' debts for

longer view, it looked as though the differentiation of French policy in Algeria on the one hand and in Tunisia and Morocco on the other hand signified nothing more than a selection of alternative means for arriving at a uniform end. This reading of French policy was supported by the fact that the French did not refrain from applying in Tunisia or Morocco the policy—which they had first adopted in Algeria—of conjuring into existence a new race of Frenchmen-in-Africa.

This new race was being brought into being by a number of different ways and means.

The most direct and effective way was by the migration of French-born French citizens from European France to the three departments in Algeria and to other parts of the Maghrib, and their permanent settlement there in new towns—or new quarters in old towns—or, better still, on the land. Down at any rate to the onset of the World Economic Crisis in the autumn of 1929 this stream of French colonization was still flowing; in Morocco, for instance, several thousand French agricultural settlers had been planted since Marshal Lyautey's retirement in 1925.¹ This flow from France, however, had long since dwindled to a trickle; for the French, who had been the 'Grande Nation' of Europe down to the Napoleonic age, had been the first of the European nations to suffer from a scarcity of 'man-power' resulting from a fall in the birth-rate; and the French citizen body of European origin in North-West Africa had come to depend more and more for its increase upon non-French recruits of Spanish, Italian or Maltese descent who had been ready to fraternize and coalesce with their fellow-European colonists of French descent in the common country which all these European incomers had found for themselves on the African side of their own Mediterranean Sea. These non-French European settlers in the Maghrib were both rapidly and thoroughly Gallicized in language, manners and political feeling; and they were as glad to receive French citizenship as France was to grant it to them.

them. On the other hand, Marshal Lyautey had succeeded in establishing in Morocco a notable school of administrators with an ideal that continued to animate them after their chief's retirement. This school not only survived in Morocco; it made its influence felt intermittently even in the sister-protectorate of Tunisia. In Morocco itself Marshal Lyautey was eventually succeeded on the 8th September, 1936, eleven years after the Marshal's own retirement, by another distinguished soldier, General Noguès, who did not merely pay lip-service to the Marshal's ideals, but was genuinely inspired by his spirit. In both Morocco and Tunisia the force that militated most potently against the Lyauteyan ideal of nation-building was the locally domiciled community of French citizens of Algerian origin, who, in both the protectorates, were an important element in the administrative staff and in business circles, as well as among the settlers.

¹ See p. 491, footnote 2 above.

The census of 1936 showed that this population of permanently domiciled French citizens of diverse European origin in North-West Africa had by that year risen to more than a million, of whom 399,674 were resident in the Department of Oran, 365,504 in the Department of Algiers, 213,119 in the Department of Constantine, 108,068 in Tunisia, 154,000 in Morocco¹ and 8,955 in Southern Algeria.² In the Algerian departments, and particularly in Oran, there were patches of countryside in which the colonists had displaced the natives so far, and had made themselves so thoroughly at home, that a traveller who had been brought there blindfold, and had then had his eyes uncovered, might have easily fancied himself to be somewhere in the French Midi. In Oran the descendants of the former native proprietors had been reduced to earning a poor and precarious livelihood as the hired labourers of their European supplanters. Even in Morocco, which was the most recently and the most scantily settled North-West African territory of the three,³ there were districts—particularly in the neighbourhoods of Mīknās and Fēz—in which the compulsory sale of land by native proprietors to colonists had created a serious agrarian problem.⁴

¹ The figure for Morocco (not including European residents not possessed of French citizenship) had stood at no more than about 75,000 as recently as 1926. (See further footnote 4, below.)

² There was, of course, one other important community of European origin in French North-West Africa, namely, the Italian citizens of Italian descent in Tunisia. According to the census of 1936, their number was 94,289; but this figure was disputed by the Italians themselves, who maintained that they still outnumbered in Tunisia their fellow-Europeans who were French citizens. For Franco-Italian relations over the questions of the present status and future destiny of the Italians in Tunisia see the *Survey for 1925*, vol. i, Part II, section (xi); the *Survey for 1928*, p. 150; the *Survey for 1935*, vol. i, pp. 106-7.

³ For French agricultural colonization in Morocco see an article by P. L. Rivière in *Le Temps*, 4th March, 1937.

⁴ Though the European agricultural colonists in Morocco were relatively few in numbers (only about 3,000), and though the average size of their estates was not more than 200 hectares, they had already taken up between 5 and 7 per cent. of the total area of cultivable land in Morocco. Moreover, part of the Moroccan land that had thus passed into the possession of French settlers had been expropriated from the previous native Moroccan owners, who had been compelled to make forced sales. The amount of Moroccan land that had changed hands in this invidious fashion was not large in itself, but the number of native landowners affected had been disproportionately great, because the expropriated estates had been mostly diminutive parcels of land amounting to no more than five hectares, three hectares, or even one hectare apiece. These Naboth's vineyards were also conspicuously situated—at the gates of Mīknās and Fēz; for the object of this forcible change of ownership had been to establish a sort of French garrison in the area that had been chiefly threatened by 'Abdu'l-Karīm's invasion of the French Zone in 1925 (see the *Survey for 1925*, vol. i, pp. 137-8 and 146-9). Most of this European settlement on the land in Morocco had been carried out since the departure

It may be instructive to compare this new breed of about 1,249,000 French citizens in North-West Africa with two other new breeds that had been begotten in recent times by the settlement of European colonists of diverse origins in new homes outside Europe: the Zionists in Palestine and the Whites in the Union of South Africa.

Numerically, the French citizen-body in the Maghrib was at a disadvantage by comparison with both these comparable colonial communities; for whereas, in the Maghrib, about 1,249,000 French citizens were confronted by about 12,600,000 Muslims, 100,000 Italian citizens, and 176,000 Maghribī Jews who were Tunisian or Moroccan subjects, there were 2,003,512 Whites in the Union of South Africa facing 6,597,241 natives, 219,928 Asiatics and 767,984 coloured people,¹ and 370,483 Jews in Palestine facing 848,342 Arabs.² To set against this greater numerical disparity, the French citizens in the Maghrib had, however, certain factors in their favour. In the first place, they were united among themselves; for those of them who were partly or even wholly Spanish, Italian³ or Maltese by descent had become as completely French in feeling as those who had no non-French blood in their veins—in contrast to the still untranscended social and political schism in the ranks of the South African White 'Ascendancy' between Whites of Dutch and Whites of English descent and speech. In the second place, the French citizens in the Maghrib were members of the body politic of metropolitan France, and although they were domiciled in overseas departments, possessions and dependencies of the mother-country, their African French domiciles were at European France's door, and they could feel sure that, in case of need, they would receive instant and unstinted support from a Great Power of whose body politic they remained—and had never been anything but eager to remain—an integral part. Thus the

of Marshal Lyautey, who had been chary of alienating Moroccan agricultural land to European settlers, and had aimed at confining their areas of rural settlement to lands which, while cultivable, were not at the time actually being cultivated. Under the Marshal's régime in Morocco the European immigration, so far as it had gone, had been mostly urban (one-third of the total European population of Morocco—i.e. about 35,000 out of about 105,000—was to be found in the single city of Casablanca as late as 1926). Even this urban immigration had not set in on any considerable scale until after the end of the war of 1914–18. The peak year had been 1921, in which the gross figure had been 13,598. In 1925 the gross figure had been no more than 3,369 (*Renseignements Coloniaux*, 1926, pp. 492–4).

¹ Preliminary figures, 1936 census.

² Estimated population at 30th June, 1936.

³ These French citizens of Italian descent in the French dominions in North-West Africa must, of course, be distinguished from the Italian settlers in Tunisia who had retained their Italian citizenship (see p. 493, footnote 2, above).

French community in North-West Africa could count on a much more effective backing from France than the White community in South Africa could expect to receive from Great Britain—considering that South Africa was divided from Great Britain geographically by the whole length of the African Continent, and that the South African Whites had sought, and obtained, a status of complete national self-government which entailed responsibilities proportionate to its privileges. *A fortiori*, the French in the Maghrib were in a less precarious position than the Jews in Palestine—considering that Great Britain was in no sense the mother country of more than a tiny minority of the Zionists, and that Palestine was not associated with the United Kingdom juridically even by the tenuous link of common membership of the British Commonwealth of Nations. A third advantage which the French citizen body in the Maghrib enjoyed—though this was perhaps now a wasting asset—was the comparative isolation of the local native majority with whom they had to deal. Nothing but an artificial and arbitrarily drawn frontier separated the Black African inhabitants of the Union of South Africa from the Black masses of Central Africa between the Limpopo and the Libyan Desert, or the Arabic-speaking inhabitants of Palestine from the Arabic-speaking masses in the adjoining tracts of Asia south and south-west of the Anti-Taurus and the Zagros. On the other hand, History had conspired with Nature to insulate the Berber and Arabic-speaking Muslims of the Maghrib; and, in spite of all that the French had been doing to bring the Maghrib into contact by steamship and aeroplane with the Arabic-speaking Muslims of the Levant, and by motor-car and aeroplane with the Black Muslims of Central Africa, this ‘de-insulation’ of the Maghrib, like the ‘de-insulation’ of the next biggest European island, Great Britain, was still in its early stages at the time of writing.

On the other hand, there was one other feature, apart from the numerical factor, in the situation in the Maghrib which was unfavourable to the French colonists of European origin, and that was the factor of Race. Whereas the South African Whites were divided from their Black fellow-subjects by one of the widest intervals in the racial gamut of Mankind, the North-West African French citizens were, like the Palestinian Zionists, of the same Mediterranean race as the Berber and Arab natives of the non-European Mediterranean countries in which these two sets of European settlers had established themselves. This fact was, of course, one of the bases of the French policy of assimilation; but it also meant that, if the French offer of assimilation were to be rejected in the Maghrib by the native White majority

in the population, it would be impossible for the European White minority to fall back, even as a *pis aller*, upon the South African Whites' policy of sheer ascendancy. In that event, the French White minority in the Maghrib would be faced sooner or later with a grievous choice of either re-emigrating from the Maghrib to the continent from which they had originally come or else remaining in the Maghrib to be assimilated by, instead of assimilating, their local fellow-Whites of Maghribī stock.

In 1937, however, the French were still bent upon incorporating the Maghrib and all its inhabitants into the body politic of France; and, while they were pursuing this aim by means of introducing European colonists, another expedient was to make Frenchmen out of Maghribis.

This was, as has been indicated above, a process which might either go through to completion or stop at some point short of it. The complete convert would be a Maghribī who had not only taken to speaking French instead of Arabic or Berber and to living more or less in the French fashion but had also become French *de jure* as well as *de facto*. All the native inhabitants of Algeria had been made French subjects by a French law of the 14th July, 1865; but this status carried with it more obligations than privileges. It did not, for instance, confer the franchise; and the full status of citizenship, which did carry the franchise with it, could only be acquired by non-citizens on condition of their coming under French civil law and consequently abandoning whatever 'personal statute' they might previously have possessed. In Algeria the native Jews—a community which numbered about 98,000 souls at the time of writing—had been naturalized as full French citizens at one stroke¹ by the Décret Crémieux of the 24th October, 1870.² The acquisition of full French citizenship was also open to native Algerian French subjects of the Islamic faith in virtue of a clause in the law of the 14th July, 1865;

¹ This French act of state had automatically imposed on the Algerian Jews, without giving them any option of contracting out, the French civil law, even on points in which this was at variance with the existing 'personal statute', based on the Rabbinical interpretation of the Torah, under which the Algerian Jews had been living down to that date. But the success of this high-handed enfranchisement, *en masse*, of the Algerian Jews afforded no precedent for dealing with the Algerian Muslims; for by 1870 the Algerian rabbis were already converts to, and advocates of, a policy of assimilation, in marked contrast to the 'Zealotism' which the Algerian 'ulamā were still displaying in 1938.

² There had been no similar grant of French citizenship *en bloc* to the native Jewish populations of Tunisia and Morocco. Corresponding action there would, of course, have been juridically incompatible with the status of a protectorate which was enjoyed by both those countries.

but the Maghribī Muslims shrank for the most part¹ from a change of 'personal statute' to which the Maghribī Jews appear to have made no objection. The obstacle to the recruitment of the French citizen-body from this source was not an unwillingness of the French Government and Parliament to confer full citizenship on Muslims,² but the unwillingness of the Muslims to accept it on the conditions laid down by French law. The procedure was facilitated by a law of the 4th February, 1919; yet, at the time of writing, the number of full French citizens of Muslim origin in Algeria was not more than 3,000,³ and in Tunisia and Morocco the number was negligible. The conflict between France and the Maghribī Muslim community over this question of 'personal statute' is dealt with below.⁴ In this place we need only take note of the contrast between the reluctance of the native Maghribī Muslims and the readiness of the non-French European colonists in the Maghrib to become French citizens on French terms. This contrast seemed to show that if France had failed at the beginning of the nineteenth century to win permanent recruits for the French citizen-body from her fellow-Christian Netherlanders, Rhinelanders, Piedmontese and Tuscans, she was likely, *a fortiori*, to fail in the twentieth century to do the like with Algerian, Tunisian and Moroccan Muslims.⁵

¹ The exceptions were mainly to be found among Berber communities which had never been either Islamized or Arabized more than skin-deep.

² While in metropolitan France there was a genuine desire to see the Algerian Muslim subjects of France avail themselves of the legal means open to them for acquiring French citizenship on terms that would virtually ensure their assimilation, the same could not be said of all the local French officials in Algeria through whose hands an application for acquisition of citizenship would have to pass. There appear to have been French officials in Algeria of Algerian-French birth who persistently set themselves to defeat the spirit of the law by taking advantage of its letter in order to frustrate native applications for naturalization on vexatious technical points.

³ See R. Montagne: 'Comment organiser politiquement l'Empire Français' in *Politique Étrangère* (published in Paris by the Centre d'Études de Politique Étrangère), 3^e Année, No. 2, April 1938, p. 174.

⁴ See pp. 511 *seqq.*

⁵ From the time of the French Revolution onwards the French policy of assimilation, first in Europe and latterly in the Maghrib, had been half-consciously modelled on a Roman precedent. In the Netherlandish, Rhenish and Italian departments of the Napoleonic Empire this precedent had been apposite, since in these neighbouring West-European territories the French were setting out, as the Romans had set out in their day, to assimilate a population which was not divided from the assimilating body social by any impassable cultural gulf. In such a situation, a militarily, politically and culturally dominant people could with impunity pursue the Roman device of using the coveted prize of the ruling Power's citizenship as a bait for inducing candidates for naturalization to accept a change of 'personal statute' as the obligatory condition of the advantageous change of political status. The same policy, however, could not be applied with impunity to aliens who were already

The reluctance of the Maghribī Muslims to change their 'personal statute' in order to become full French citizens *de jure* did not, however, prevent them from travelling far along the road towards Gallicization *de facto*. By the year 1937 the French language was not only supplanting Arabic on the lips of the *évolués* Maghribī Muslim townfolk; it was even supplanting Berber on the lips of the Muslim peasantry. It was remarkable that the younger generation of Tunisian Nationalists should be producing a feminist review¹ containing admirable critiques of current French literature; it was perhaps still more remarkable that there should be districts in the Algerian Kabylia in which the villagers had made use of French as the medium for putting into writing their customary rules of village administration, and that Kabylia should boast a Positivist and Socialist magazine.² There were even said to be some Kabyle villages in which the people had forgotten their Berber mother-tongue, and had taken to talking French exclusively. In Kabylia this process of Gallicization had been promoted by the spread of primary education among a population whose Berber mother-tongue had never been reduced to writing and *a fortiori* had never, like Arabic, become the vehicle of a literature; and it had also been promoted by the practice of seasonal migration³ to France in search of work and wages which

adherents of a distinctive 'totalitarian' way of life of their own—least of all where this 'totalitarianism' took the form of a 'totalitarian' religion like Islam. In the Maghrib, apart from the native Jews, the French had to deal with a native population which consisted entirely of Muslims. Even the remotest and most backward of the Berber highlanders had acquired a tincture of Islam which proved, on trial, to be a formidable obstacle to their conversion into Frenchmen. If the French had scrutinized their Roman precedent more closely, they would have perceived that the Romans had had to deal almost entirely either with virgin barbarians or with civilized peoples whose culture was substantially the same as that of Rome herself, and that these facts accounted for the striking successes which the Roman policy of assimilation achieved. The French might also profitably have taken to heart the exceptional treatment which the Romans conceded in one exceptional case. In the Jews of their day the Romans were confronted with a community which (in contrast to the assimilationist proclivity of the Algerian Jews in the nineteenth century of the Christian Era: see p. 496, *n.* 1, above) clung to its distinctive religious law, including a distinctive 'personal statute', as tenaciously as the Maghribī Muslims were clinging to the *Shari'ah* in the twentieth century. The Romans dealt with this hard fact by allowing a Jew to become a Roman citizen without renouncing the observance of the Law of Moses. The French might have been well advised to grant French citizenship to their Maghribī Muslim subjects on the generous terms on which the Romans granted Roman citizenship to a Tiberius Alexander and a Saint Paul.

¹ *Laylah*.

² *La Voix des Humbles*.

³ This practice was not peculiar to Kabylia, or indeed to the Maghrib, but was current throughout the Arabic-speaking world of the day, and played a vital part in the economic and social life of the Lebanon and the Hadramawt

the Kabyles' native highlands could not provide in sufficient abundance for a dense, and rapidly growing, population.¹

In Algeria as a whole Gallicization had been favoured by the fragility of the local Ottoman Turkish 'Ascendancy', which had broken at the first French touch, by the paucity of the urban element in the country at the time of the French conquest, and by the lowness of the level of the local version of the Islamic culture. In striking first at Algeria the French had, no doubt unwittingly, struck Islam in North-West Africa at its weakest point.² Islam was not only stronger in Tunisia, which was in closer contact than Algeria was with the strongholds of Islamic culture in Egypt and Syria; it was also stronger in Morocco,³ where there was a local focus of Islamic activity.

Another instrument of Gallicization which operated the most powerfully in particular (see R. Montagne: 'Évolution politique de l'Afrique du Nord' in *La France Méditerranéenne et Africaine* (Paris, Librairie du Recueil Sirey), Fasc. 1, 1938, pp. 15-16).

¹ The population of Kabylia amounted to about a million. Out of a floating population of about 60,000 Maghribis in France (chiefly in the districts of Marseilles, Lyons and Paris), the Kabyles contributed more than half. From the single commune of Fort-National alone, the average annual exodus during the twelve years ending in 1938 had amounted to something between 2,000 and 3,000 (see 'E. C.': 'Mariages mixtes des Kabyles en France (Commune de Fort-National)' in *La France Méditerranéenne et Africaine*, Fasc. 1, 1938, p. 110). More than 2,000 of these seasonal migrants had acquired (low-class) French wives. (For a detailed study of these mixed marriages in the particular case of the Commune of Fort-National, see *op. cit.*, pp. 110-17.) It will be seen that the forces which were carrying the French language to victory over the Berber language in Kabylia in the twentieth century were the same as those which had caused English to supplant Erse in Ireland in the nineteenth century. (For further facts about the seasonal migration from Kabylia to France, see R. Hoffherr: 'Économie de l'Afrique du Nord' in *La France Méditerranéenne et Africaine*, Fasc. 1, 1938, p. 27.)

² At the time of writing, in 1938, there was still a marked difference between the situation in Algeria and that in the other two Maghribi dependencies of France. While in all three countries there was an element of French citizens of European stock and an element of native Maghribi *évolués* whose ambition was to become Frenchmen rather than to assert any separate nationalism of their own, both these elements were so much more numerous and influential in Algeria than they were in either Tunisia or Morocco that the difference of degree almost amounted to a difference in kind. For the influence of French citizens of Algerian origin on French policy in Tunisia and Morocco, see p. 492 *n.*, above.

³ In the geographical structure of the Islamic World the Maghrib occupied the place of North America in the Western World, while the Asiatic portion of Dârû'l-Islâm occupied the place of Europe. On this analogy, Syria and Egypt may be equated with Great Britain and France, Tunisia with the Eastern United States, Algeria with the Middle West, and Morocco with the Pacific Slope. In Algeria, as in the Middle West, the radiation of culture was less intense than it was in regions that were geographically more remote from the original source of the rays.

fully upon Algeria, but which was also a potent force in Morocco, was the Army, in which troops of French and Maghribi nationality were brigaded together. For Algerian Muslim French subjects military service was—as for full French citizens—compulsory;¹ but it had not yet been made universal; and although the Algerian Muslim population amounted to more than six millions on the showing of the census of 1936, the establishment of French Maghribi troops did not, all told, amount at the time to more than 75,000.² Yet, in spite of the modesty of the numerical scale of the Maghribi contingent in the French Army, military service was an important social factor in the life of the Muslim population of the Maghrib; for the men who went through this experience were inspired with a certain *esprit de corps* which tended to prise them out of their inherited Islamic social setting; and since the recruits were mostly drawn from the more old-fashioned elements in the population, the influence of the Army carried the process of cultural transformation into spheres which otherwise might still have remained immune.

(c) THE REFRACTORY FORCES

From the foregoing survey it will perhaps be evident that the manifold agencies of Gallicization in North-West Africa amounted, in the aggregate, to a very powerful assimilative force; and while France still had to reckon with a formidable obstacle to her policy in the shape of Islam, she might flatter herself with the pleasing thought that this was at any rate the only remaining obstacle in her path after the defeat of Germany in the General War of 1914–18 and the collapse of 'Abdu'l-Karīm in 1926. At the time of writing, twelve years later than the latter of these two epoch-making military events, the French command over the Maghrib was not being challenged by any native Maghribi dissidents-under-arms and was not being seriously threatened by Germany (notwithstanding the Franco-German diplomatic incident over alleged German military activities in the Spanish Zone of Morocco in January 1937).³ On the other hand, the Islamic opposition to the process of Gallicization was now deploying its reserves of latent strength; and at the same time several other refractory forces were appearing in the field.

A common underlying cause of this increase in the recalcitrance of the Maghrib to the classical French policy of assimilation was to be

¹ In virtue of a law of 1912 (see the *Survey for 1925*, vol. i, p. 180).

² Considered as 'military material', the Tunisians were 'poor stuff', whereas the Algerians were distinctly good and the Moroccans conspicuously excellent.

³ See vol. ii, pp. 281–3.

found in the simple fact that, in so far as the French were proving successful in assimilating the three North-West African territories to France, they were thereby assimilating them to the Western World as a whole, and were consequently exposing them to the play of external influences which French statesmanship could not control. For example, the economic assimilation of the Maghrib to France exposed this hitherto more or less self-sufficing Islamic island to the full blast of the World Economic Crisis of 1929, while the political assimilation of the Maghrib to France gave entry to the political ideas of the French Left, and in Muslim Maghribi minds these imported French ideas acted as stimuli to the native Islamic opposition. This opposition was at the same time reinforced by influences from Egypt, Syria and Palestine. Egypt's achievement of complete sovereign independence through the conclusion of the Anglo-Egyptian treaty of the 26th August, 1936, and Syria's prospect of attaining the same political goal in the near future in virtue of the conclusion of the Franco-Syrian treaty of the 9th September, 1936, moved the Tunisians to demand the negotiation of a corresponding treaty between their own country and France to replace the existing French protectorate. In Algeria, the dream of attaining to an independent nationhood was only just beginning to compete with the older and less visionary aim of securing for Algerian Muslim French subjects individually the substantial advantages of French citizenship without their being required any longer to pay the price of renouncing their Islamic 'personal statute'. Yet although the Algerian Muslims might not yet have been influenced appreciably by the course of events in Egypt and Syria, they were already being profoundly stirred by the course of events in Palestine.

A lively sympathy with the Palestinian Arabs in their struggle against Zionism had long been entertained by the Dustūrī Party in Tunisia; and in the mind of the Dustūrī leader, Ath-Tha'ālibī Efendī, this sympathy had become accentuated as a result of his banishment from his own country during the years 1923-37, when the Tunisian exile had found asylum in the Arab countries of the Levant.¹ As a result of the Islamic Conference at Jerusalem in 1931,² this sensitiveness to the struggle in Palestine spread from Tunisia into Algeria, where it stimulated the activities of an Association of Algerian 'Ulamā which had been founded on the 5th May, 1931, with its head-

¹ Ath-Tha'ālibī Efendī's expulsion from Tunisia in 1923 was not recorded in the *Survey for 1925*, vol. i. For his subsequent sojourn in the Levant see *Oriente Moderno*, August 1927, p. 385, and July 1937, p. 365; for his triumphal return to Tunis on the 8th July, 1937, see *op. cit.*, February 1938, pp. 97-8.

² The *Survey for 1934*, pp. 99-109.

quarters at Constantine. The positive programme of this new Algerian movement was to save Islam in Algeria by reforming it;¹ but it also had a negative side in the shape of a local variety of anti-Semitism. Ever since the grant of French citizenship to the Algerian Jews *en bloc* in 1870,² the Algerian Muslims had harboured a resentment against their Jewish compatriots which had vented itself in occasional outbreaks of violence. Under the psychological impact of the post-war conflict between Arabs and Jews in Palestine, this endemic Algerian anti-Semitism took a serious turn for the worse; and here, in the Far West of the Islamic World, the repercussions of events in Palestine were reinforced by reverberations of the Nazi campaign against the Jews in Central Europe. The image of Germany as the protector of Islam, which the Emperor William II had vainly sought to impress on Muslim minds in the speeches which he had delivered at Damascus on the 8th November, 1898, was now more successfully presented by Herr Hitler in his barbaric rôle of a German *malleus Judaeorum*.³ In Morocco, where a militant anti-Semitism also now began to manifest itself⁴ as one aspect of a callow but headstrong Young Moroccan Nationalism, the anti-Semitic policy of the Third Reich was perhaps more accountable than the Palestinian conflict was for this untoward development.⁵ The spread of this wave of

¹ See the Statutes of the Association of the 'Ulamā of Algeria (Al-Qānūnu 'l-Asāsī li Jam'iyyati 'l-'Ulamā'i 'l-Muslimīni 'l-Jazā'iriyyin), Arabic and French texts (Constantine, 1931, Algerian Islamic Printing Press):

Art. 3.—Toute discussion politique, ainsi d'ailleurs que toute intervention dans une question politique, est rigoureusement interdite au sein de la société.

Art. 4.—Cette association a pour but de combattre les fléaux sociaux: alcoolisme, jeux de hasard, débauche, paresse, ainsi que tout ce qui est par sa nature interdit par la religion, réprouvé par la morale, et prohibé par les lois et décrets en vigueur.

² See p. 496, n. 1, above.

³ The Kaiser's visit to Tangier in March 1905 was, however, often referred to in a reverential tone by Moroccan Muslims in conversation with a colleague of the present writer's who was in the Maghrib in 1937.

⁴ See M. Le Glay: 'Musulmans et Juifs Marocains' in *Bulletin du Comité de l'Afrique Française*, November 1933, pp. 621-5; for the alleged German inspiration of Moroccan Muslim anti-Semitism see *op. cit.*, *num. cit.*, pp. 665-7.

⁵ Palestine did not yet count for much in Moroccan minds (though in 1929 a French observer, of the writer's acquaintance, had been surprised to find a number of young Tatwānis engaged in Islamic studies at Nāblus). On the other hand, Germany still had a hold over Moroccan imaginations—perhaps just because, rather than in spite, of the fact that, between 1905 and 1918, German imperialism in Morocco had been worsted by French. In conversation with the writer, the French observer in question once compared the position and policy of Germany in Morocco after the establishment of the French protectorate with the position and policy of France in Egypt between 1882 and 1904. The Moroccans, for their part, were disposed to take German gestures of benevolence at their face value, simply because they were aware

anti-Semitism across the face of the Maghrib is traced in greater detail below.¹

These various influences that came, during the decade ending in 1937, to play upon the Maghrib from an Islamic Levant and from a Frankish Germany and France, interacted with one another in complicated and curious ways in their North-West African field of operation.² The Parti Populaire Algérien, for example, was a proletarian organization which had been founded on the 20th March, 1937, among the Algerian Muslims under French Communist inspiration,³ but which had subsequently parted company with Communism⁴ on the religious issue. Having thus adapted itself to the Islamic religious environment, the new party struck root in the country-side as well as in the towns of Algeria, and filled there a political void which Communism itself might otherwise have succeeded in occupying. The baffled Communist missionaries retorted by collaborating with the reforming Muslim Association of Algerian 'Ulamā in the foundation of Islamic religious schools.⁵ Conversely, the Algerian Muslim anti-Semites took, at one stage, to joining Colonel de la Rocque's 'Croix de Feu' in the expectation that a French Fascist organization would

that this caused annoyance and anxiety to the French. It had not yet occurred to the Moroccans that they were in any serious danger of exchanging French whips for German scorpions. On the other hand the Tunisians, with nearly 100,000 Italian citizens planted in their midst, with Sicily only eighty miles off, and with the spectacle of the Italian régime in Libya at their doors, were well aware that their own situation would be changed for the worse by the substitution of Italian for French domination in Tunisia. Thus Italy's interest in Tunisia was in some measure, at least for the time being, a political asset to France in her dealings with Tunisian Nationalism, whereas in her dealings with Moroccan Nationalism Germany's interest in Morocco was unquestionably a complication for French statesmanship.

¹ See pp. 530 *seqq.*

² 'A political institution which propagates itself from one people to another undergoes, in making its passage of the frontiers and the seas, alterations that are often profound and that entirely transform the institution's spirit. . . . It is not surprising to see the tendencies of the political parties of France, as these propagate themselves to the Muslim masses in North Africa, undergo, in their turn, changes of great profundity. A political doctrine sprung from the West may be likened to a bundle of light that is transformed into diverse radiations, and is reflected in the most unexpected directions by coloured prisms. At the same time the coloured crystal of native opinion seems to be somehow impermeable to certain excitations from outside.'—R. Montagne: 'Évolution politique de l'Afrique du Nord' in *La France Méditerranéenne et Africaine*, Fasc. I, 1938, p. 9.

³ There was a middle term in the shape of 'L'Étoile Nord-Africaine' (see p. 535, below).

⁴ Neither Communism in particular nor the class-war in general seems to have found a congenial soil in the Maghrib for striking root without being compelled to modify itself, almost beyond recognition, as the price of adaptation to this exotic environment (Montagne, *op. cit.*, pp. 9–11).

⁵ Montagne, *op. cit.*, p. 10.

run true to German type by committing itself to an anti-Semitic programme.¹ Disappointed in their hopes of the 'Croix de Feu', its Algerian Muslim adherents subsequently transferred their allegiance, in the same expectation, to Monsieur Doriot's Parti Populaire Français, which was closely, though not ostensibly, associated with 'L'Action Française' and other anti-Republican French political organizations of the extreme Right.

Under this confusing criss-cross of currents on the surface there could be discerned, at a deeper level in the souls of the Maghribi Muslims, that broad division between 'Zealots' and 'Herodians' which is apt to arise whenever and wherever a weaker civilization is confronted with the challenge of aggression on the part of a stronger society of the same species.² In the Maghrib during the period under review this division of feelings and forces between the two alternative reactions became conspicuously apparent in Tunisia, where the Dustūri Party, which had hitherto held the field on the Nationalist side,³ found its monopoly disputed by a Neo-Dustūri Party from the 20th March, 1934, onwards. The Dustūr, which had drawn its strength from the old-fashioned Muslim bourgeoisie of the capital, had been Islamic-minded, Pan-Arab-minded and anti-Zionist⁴ in sentiment; the Neo-Dustūr was recruited from a rising *intelligentsia*⁵ in the Sāhil who cared for none of these things, and who emulated their contemporaries and counterparts in Egypt in inclining towards parochialism in their political outlook and towards Westernism in their cultural orientation. In Tunisia, at the time of writing, it looked

¹ R. Montagne, 'Évolution politique de l'Afrique du Nord' in *La France Méditerranéenne et Africaine*, Fasc. 1, 1938, p. 10.

² See the *Survey for 1925*, vol. i, pp. 6-7; R. Montagne: 'Comment organiser politiquement l'Empire Française' in *Politique Étrangère*, 3^e Année, No. 2, April 1938, pp. 174-5; *eundem*: 'Évolution politique de l'Afrique du Nord' in *La France Méditerranéenne et Africaine*, Fasc. 1, 1938, pp. 11-13. The conflict between the two alternative reactions was more acute in Algeria than in either of the other two North-West African countries, because the local hold of Islam was weaker, and that of the Western Civilization stronger, here than in either Tunisia or Morocco. ³ See the *Survey for 1925*, vol. i, pp. 176-80.

⁴ 'Anti-Zionist' and not merely 'anti-Semitic'—in reaction against the attitude of the Tunisian Jews, who, like the younger generation of their Muslim fellow countrymen, had travelled far along the path of Westernization, and in consequence had tended, in the political field, to identify themselves with Zionism. It has been noted, on p. 496, n. 2, above, that the Tunisian Jews were at this time still, with individual exceptions, Tunisian subjects and not French citizens like their co-religionists in Algeria.

⁵ The majority of the rank and file were from 25 to 35 years of age. For the similar part played by the same generation in Morocco from 1930 onwards, see pp. 509, 527, below. For the rôle of 'la jeunesse musulmane' throughout the Arabic-speaking world at this time, see Montagne: 'Évolution politique de l'Afrique du Nord', pp. 13-15.

as though the *Dustūr* would decrease and the Neo-*Dustūr* increase; for Tunisia, with its relatively high level and wide extension of education, was suffering from the malady of 'blackcoatedness', and the minds of a Tunisian Muslim intellectual proletariat were obsessed by concrete professional grievances.¹ On the other hand in Algeria, where the Muslim community was behindhand, compared with the Tunisian Muslim community, in both education and political development, the younger generation of Muslims was still ardently anti-Semitic (as the entire Muslim community was in Morocco), and the Association of Algerian 'Ulamā—which corresponded to the *Dustūr*, not to the Neo-*Dustūr*, in Tunisia—was in the ascendant.²

The Algerian 'ulamā were now proving their vigour by carrying on campaigns on three fronts simultaneously. They were up in arms not only against the French and against the Jews, but also against the marabouts and the fraternities in the bosom of their own body social. The degradation of Islam in Algeria had been signalized by the elevation of these unauthorized shepherds of the flock and unorthodox interpreters of the *Shari'ah*. Their ascendancy over the hearts and minds of an ignorant rural population had been largely due to their laxity in countenancing an adulteration of the pure milk of the Islamic word with the dregs of their simple followers' ancestral paganism. The Association of 'Ulamā now set themselves to stamp out these vestiges or accretions of idolatry with an energy reminiscent of the Wahhābīs' puritanical campaign of reform in a conquered Hijāz.³ In Algeria the battle was waged with the weapon of education. The 'ulamā made headway against the marabouts among the Algerian rural masses by establishing schools; and they had a noteworthy success in routing their adversaries, and uprooting customary pagan practices, in the remote and backward highlands of the Aurès on the southern edge of the Department of Constantine.⁴ The marabouts,

¹ One grievance of the kind was that there was an inequality of payment for equal work as between Tunisians on the one hand and French and Italian settlers in Tunisia on the other. Another grievance was that, in the public service of the Beylical Government, there was actually a majority of French over Tunisian employees (about 6,000 to 4,000).

² The social contrast between Algeria and Tunisia has been touched upon in the *Survey for 1925*, vol. i, p. 175.

³ See *op. cit.*, p. 311.

⁴ The Aurasian section of the Association of 'Ulamā was founded in August 1936 by four sons of local Aurasian marabouts who had been sent by their fathers to study under Shaykh Ibn Badis at the Mosque of Sidi'l-Akhbar at Constantine. For an illuminating account of the penetration of the Aurès by the Islamic reform movement, and of the consequent awakening of a new eagerness, in this Berber community, for education in Arabic letters, see 'A. D.': 'Les Progrès du Réformisme Musulman dans l'Aurès' in *La France Méditerranéenne et Africaine*, Fasc. 1, 1938, pp. 87-98.

for their part, reacted to the 'ulamā's onslaught in diverse ways—some by passive resistance, some by taking a leaf out of their assailants' book and starting a counter-organization, and some, again, by passing over into their opponents' ranks.¹ On the whole, it looked as though the Algerian 'ulamā might succeed in time in bringing the backward Algerian peasantry up to the Tunisian peasantry's cultural level.

The impetus of all these social and political forces was increased, and their effect heightened, by contemporary economic disturbances which were also mainly, though not entirely, due to the breaking-down, by long-continued French action, of the barriers that had once insulated the Maghrib from all but the most superficial contact with the life of the oecumenical Great Society which had latterly been brought into existence by the radiation of the Western Civilization over the face of the planet. Before the social transformation which the French conquest had brought in its train, the Maghrib had been a thinly populated region in which stock-breeding predominated over agriculture and both these rural occupations over urban trade and industry. The imposition on North-West Africa of a *Pax Gallica* was followed by a rapid natural increase of the native population, while at the same time a considerable part of the best agricultural land passed out of the hands of the native peasantry into those of European colonists whose immigration at the same time increased the density of the rural population still further.² The *Pax Gallica*, as it had extended itself over the Maghrib in the course of a century, had also, of course, augmented the agricultural productivity of the land by giving the cultivators security and by introducing technical improvements (e.g. irrigation, planting and the use of agricultural machinery) which the European colonists initiated and which the native peasantry were encouraged to emulate.³ The derelict cisterns and irrigation

¹ For this contest in the bosom of the Algerian Muslim community between the 'ulamā and the marabouts see further J. Desparmet: 'Deux Manifestes indigènes', in *Bulletin du Comité de l'Afrique Française*, December 1933, pp. 780-3.

² For this agrarian problem see Montagne, 'Évolution politique de l'Afrique du Nord', pp. 16-17. This process had gone farthest in the Algerian department of Oran (see the present volume, p. 493, above). In Tunisia, as in Morocco (see p. 493, n. 4, above), the French colonists had not acquired as much as one-tenth of the total cultivable area.

³ The vine-planting of the European colonists in the Department of Oran was not more noteworthy than the olive-planting of the native cultivators in the district of Sfax (Safāqus), in the Tunisian Sâhil, under Frankish direction. It was discovered that olive-trees could be made to grow in the desert if they were planted far apart and if the intervening ground were then incessantly ploughed, so as to absorb and retain the dew. By this equally laborious

channels of the Roman age had shown the modern Rūmī pioneers how far afield cultivation could be pushed beyond the limits of the area that was under cultivation in each part of the Maghrib at the time of its conquest by French arms. There was, however, a line beyond which the law of diminishing returns began to come into play; and by the time of writing the native population had long since been driven, by lack of fresh land to till, to find alternative means of livelihood in mining and industry. The common result of these several economic developments was to make the Maghrib dependent on foreign markets and sources of supply, and this dependence in turn exposed the Maghrib to the mysterious and ineluctable vicissitudes of the trade cycle. The precariousness of the new economy of French North-West Africa was aggravated by the fact that, with the exception of its phosphates, the chemicals, ores and crops on which it had concentrated most of its productive activity were not in any sense monopolies of the Maghrib. The Algerian iron-ore, for instance, had to compete in the British market with ore of the same kind and use from Northern Spain,¹ while Algerian wine and olive-oil had to compete with the wine and oil of European France.² In fact, the Maghrib's new exports were only 'marginal' wares on the world market, and while in good times they commanded a price which irresistibly drew Maghribī energies into mining and cash-crop farming out of subsistence farming, a slump on the world market was apt to reduce the North-West Africans, natives and colonists alike, to a state of economic distress which the country had seldom experienced under the old dispensation of poverty-stricken but relatively secure village *autarkeia*. The Maghrib suffered particularly severely from the World Economic Depression which began with the break on Wall Street in the autumn of 1929; and the effect of the oecumenical scourge was

and scientific form of cultivation, a previously desert hinterland had been reclaimed, to a depth of fifty miles, within the half-century ending in 1938, by native cultivators to whom strips of land had been sub-leased, under stringent conditions, by a concessionnaire who had taken the whole area on lease from the Tunisian state.

¹ See vol. ii, pp. 132, 173-5.

² The European colonists in the Maghrib had not, like the Zionists in Palestine, taken up the cultivation of citrus fruit (for this factor in the post-war economic development of Palestine see the *Survey for 1934*, pp. 259-60, 263, 270, 272-3; the *Survey for 1936*, pp. 707, 708, 711, 715). If they had devoted themselves to citrus-cultivation instead of viticulture, they would have avoided competition with European French products in the French market, though they would still have had to compete in the world market with the products of Palestine and Spain. For the excessiveness of the concentration of agricultural production in French North-West Africa on the two staples of wheat and wine see R. Hoffherr: 'Économie de l'Afrique du Nord' in *La France Méditerranéenne et Africaine*, Fasc. 1, 1938, pp. 25-6.

locally accentuated by a succession of bad harvests in the years 1935, 1936, and 1937.¹

This double calamity afflicted all three North-West African territories; but the economic devastation was the most extreme, and its political effect the most violent, in Morocco. Under Marshal Lyautey's inspiration, it had been the policy of the protectorate to lay out capital expenditure on a lordly scale with an eye to great but slow returns. As early as the year 1926 the economic strain of this ambitious programme was coming to light in governmental intervention for the control of prices. Yet General Lyautey's financial lordliness was the one feature in his policy that was wholeheartedly perpetuated by his successors. By mischance, the depression reached Morocco at a moment when the heavy expenditure had already been incurred while the returns were only just beginning to come in. Yet new loans were floated as late as 1931 and 1932. As a cumulative result of this long-continued financial prodigality and improvidence, the protectorate had to swim for its life with a mill-stone of debt round its neck; and, while the French administrators and *entrepreneurs* and colonists in Morocco were in the throes of a financial crisis, the new native Muslim Moroccan urban proletariat which had been drawn off the land during the years of expansion, by the lure of good wages for development work, was thrown by the sudden stoppage of this work into unemployment and destitution. This destitute floating population in the North was swelled in May and June 1937 by a veritable exodus from a drought-smitten South.² In these circumstances the occupation of Moroccan land by French colonists,³ on a small scale but in conspicuous places, became a flagrant offence in Moroccan eyes—especially when the French régime in Morocco saved the colonists from the consequences of bankruptcy by making their debts a charge on the Moroccan budget⁴—and the political repercussions of this economic and financial grievance were peculiarly dangerous owing to the 'dynamism' of the Moroccan national temperament and

¹ For the fluctuations in the size of the Moroccan wheat-crop during the period of eight years ending in 1937 see Hoffherr, 'Économie de l'Afrique du Nord', p. 25.

² In a report of the 25th June, 1937, to the Conseil de Gouvernement of the protectorate, the French Resident-General, General Noguès, estimated that in Morocco there were at that time 500,000 natives who would be utterly destitute, and 900,000 who would be without sufficient means of subsistence, until the next harvest. Taken together, these two figures amounted to not much less than a quarter of the whole native population of the protectorate. This new unemployed and destitute native Moroccan urban proletariat was conspicuously in evidence in 1937 in the 'bidonvilles' (i.e. collections of hovels patched together out of petrol tins) on the outskirts of Rabât and Casablanca.

³ See p. 493, above.

⁴ See p. 491, n. 2, above.

the recentness and superficiality, in Morocco, of the process of Westernization.

It was a French saying that the Tunisians were women, the Algerians men and the Moroccans lions; and the spirited and impulsive Moroccan temperament was stimulated at this time by the heady wine of lately acquired and imperfectly apprehended Western political ideas. The Parti d'Action Marocaine, which was founded towards the close of the year 1934, embraced—in a so far unresolved contradiction—both Islamic- and Arabic-minded 'Zealots' in the vein of the Algerian Association of 'Ulamā and the Tunisian Dustūr, and gallicized 'Herodians' in the vein of the Tunisian Neo-Dustūr. Like the latter,¹ however, the Young Moroccan party was recruited, on both wings alike, from men of not more than 35 years of age, and these from no wider a recruiting ground than the literate element in the population of the three north-lowland cities of Fez, Rabāt-Salé and Casablanca.² Nevertheless, by 1937, this exotic and unrepresentative urban political agitation was producing perceptible effects among the Berber highlanders of the High Atlas. It was one of the ironies of the Moroccan situation that, until the pacification and opening up of these Berber highlands by French arms, the Arabic-speaking lowlanders had signally failed to impose on the highlanders anything more than a nominal acceptance of either the political authority of the Sharif's *Makhzan* or the religious authority of the Islamic *Shari'ah*. In undertaking and executing the Herculean labour of subduing the highlands in the Sharif's name, the French had been working, as it would now appear, not for France, as they had no doubt privately intended, but perhaps, after all, for their Sharifial *protégé* (whose prestige among his own people had survived the imposition of the French protectorate) and otherwise for a rising Moroccan national movement of a 'Zealot' or a 'Herodian' complexion—whichever of the two colours might eventually prevail.

At the time of writing in the spring of 1938 it looked as though the French policy of assimilation in the Maghrib might be in process of producing a result which would be the exact opposite of its purpose. The French aim in North-West Africa—as envisaged in the predominant Algerian-French school of policy, in contrast to the Moroccan-French school inspired by Marshal Lyautey—was eventually

¹ See p. 504, n. 5, above.

² According to the French observer quoted above, this Young Moroccan *intelligentsia* numbered only 200 heads all told, and of these not more than 25 had been stocked with a complete secondary education. By 1937 one only, out of the twenty-five, had completed the training required for the exercise of a learned profession.

to incorporate the whole country and all its inhabitants, of both European and native origin, into the body politic of France herself; and the French political strategy for attaining this end was to keep the Maghrib divided—territory from territory and community from community—in order to convert these African peoples and lands piecemeal—not only section by section but even individual by individual—into French citizens domiciled in departments ranking as integral parts of the Republic's metropolitan territory. After having been persistently pursued for more than a century, this policy seemed to be beginning to defeat itself.¹ At a stage at which it was difficult for French statesmanship to draw back from a course to which it was now so deeply committed, the French pursuit of assimilation was driving the Maghribī Muslims into taking energetic counter-measures in defence of their imperilled Islamic social and cultural heritage; and while this opposition was asserting itself in the first instance in the form of distinct local national movements—not only in Tunisia and in Morocco, but even in the already half-assimilated Algeria—there were indications that, if the French pressure were still further to increase, the effect of an intensification of the struggle might be to break down those traditional barriers between Tunisian, Algerian and Moroccan Muslims² which the French were concerned to keep up. The affinity of the Algerian Association of 'Ulamā with the Tunisian Dustūr has been noticed above.³ At this stage, however, it was not so much on African as on European soil that the hitherto separate Muslim peoples of the Maghrib were beginning to amalgamate. Twentieth-century Paris was 'the melting-pot' of the Maghrib in the sense in which nineteenth-century New York had been 'the melting-pot' of Europe. It was in the University of Paris⁴ and in the other universities of European France⁵ that Tunisians, Algerians and Moroccans of the rising generation were fraternizing with one another as well as with their fellow Arabic-speaking and fellow Muslim

¹ For the successive emergences, first of a national consciousness among the native inhabitants of each of the three French dominions in the Maghrib (not excluding Algeria), and then of a common Maghribī consciousness embracing all three, see R. Montagne: 'Évolution politique de l'Afrique du Nord' in *La France Méditerranéenne et Africaine*, Fasc. 1, 1938, pp. 6-7. For the disappointment of French expectations in the Maghrib, see further *eundem*: 'Comment organiser politiquement l'Empire Français' in *Politique Étrangère*, 3^e Année, No. 2, April 1938, pp. 158-61.

² See the *Survey for 1925*, vol. i, pp. 103-5.

³ See p. 505.

⁴ At Paris there was a Bureau permanent des étudiants de l'Afrique du Nord (R. Montagne: 'Comment organiser politiquement l'Empire Français', p. 159).

⁵ Especially the universities of Toulouse and Bordeaux (Montagne, *op. cit.*, pp. 163-4).

Egyptian and Syrian contemporaries. If these French academic crucibles did one day precipitate the nucleus of a united Maghribī nation, then France, instead of having succeeded in incorporating the peoples and lands of the Maghrib piecemeal into the French body politic, would have performed, in her own despite, an act of political creation *à l'anglaise* by welding the Maghrib into a body politic of its own which might eventually take its independent place in the comity of nations, side by side with France, in the relation, not of the Department of Algiers to the Department of Bouches-du-Rhône, but of the Indian Empire to the United Kingdom.

At the time of writing, the turn which Franco-Maghribī relations were going to take could not yet be foreseen with certainty;¹ but it may be convenient, in this volume of the *Survey*, to include a brief chronicle of those events in the Maghrib since 1926 which gave reason for supposing that the issue of Assimilation versus Nationalism was coming to a head. In presenting this record, it may also be convenient to divide it under three heads: first, the progress of the struggle over naturalization, enfranchisement and 'personal statute'; second, the spread of unrest among the Maghribī Muslims (including anti-Jewish as well as anti-French outbreaks); and, third, the measures taken by France to co-ordinate her administration in North-West Africa.

(d) THE STRUGGLE OVER 'PERSONAL STATUTE', NATURALIZATION
AND ENFRANCHISEMENT

The question of 'personal statute' was one of the touchstones of the success or failure, in the Maghrib, of the French policy of assimilation. On the French side, it had hitherto been taken as an axiom that a Muslim Maghribī could not be regarded as having been completely assimilated so long as he retained his Islamic 'personal statute', and on this reckoning it had been a French postulate that this juridical status must be renounced by a Maghribī candidate for full French citizenship as one of the indispensable conditions for his naturaliza-

¹ For example, while it was true that some Maghribīs who had studied at French universities made themselves conspicuous by turning against the France from whom they had received their exotic Western education, it was equally true that others surrendered themselves to the attractions of French culture and travelled quietly, and therefore inconspicuously, along the road towards assimilation. This latter tendency seems to have been sufficiently strong and widespread to become one of the causes of the 'Zealot' reaction of the Algerian 'Ūlamā, who seem rather suddenly to have awakened to the fact that the French culture was gaining considerable ground in the Algerian Muslim community, and particularly in the ranks of the rising generation, after having flattered themselves that French gains in the Maghrib were confined to a material plane where they would not impinge upon Islamic life.

tion.¹ On the Maghribi side, there was a marked repugnance—and this in all three territories—against complying, or tolerating compliance, with this French requirement, even for the sake of obtaining the coveted status of full French citizenship, and on this matter the public opinion of the Muslim community as a whole was able to assert itself powerfully even in circles which, while remaining Islamic *de jure*, were far *évolués* in the process of gallicization *de facto*.²

The Franco-Maghribi conflict over this issue can be surveyed the most conveniently by following its course in each of the three territories separately.

In Algeria, the question of improving the political status of the Muslim French subjects in this territory had been mooted as far back as 1915. On the 25th January of that year Monsieur A. Ferry, at that time Under-Secretary of State for Foreign Affairs, declared to the Commission Interministérielle des Affaires Musulmanes³ that 'it would be a paradox, when the war of 1870 had brought the electoral franchise to the Jews, that the war of 1914 should bring to the Muslim combatants [in the French Army] nothing but a hope of some relief for an extreme material suffering'. On the 25th November, 1915, MM. G. Clemenceau and G. Leygues, who at that time were the Presidents of the Commissions for Foreign Affairs in the Senate and in the Chamber respectively, addressed to Monsieur Briand, who was at that time Prime Minister, a joint letter in which they asked for 'native representation in the Conseil Supérieur that had its seat in

¹ See pp. 496-7, above.

² Those *évolués* whose evolution had gone far enough to expunge the last vestige of this repugnance in their own souls still found themselves subject to a formidable pressure from outside in compensation for the disappearance of the internal sanction. Many of them might be so completely 'assimilated' *de facto* as to covet naturalization *de jure* without feeling a twinge at the thought of having to renounce their Islamic 'personal statute'. But, in the face of public opinion, it was impossible for them to avow this, and *a fortiori* impossible for them to take advantage of the existing naturalization law. In this situation some of the *évolués* were believed to harbour a secret hope that the naturalization—including the change of 'personal statute'—which they dared not take steps of their own to obtain might one day be imposed upon them by the French Government, as it had been imposed upon the Algerian Jews in 1870 (see p. 496, with n. 1, above), without the beneficiaries' leave being asked. Even, however, if the French Government were thus to take the initiative, it was by no means certain that the Algerian Muslim *élite* on whom the French citizenship would thus have been conferred might not be compelled by public opinion to repudiate this arbitrarily imposed improvement in their political status. The pressure of Muslim public opinion against both political naturalization and cultural assimilation was stronger in Tunisia than in Algeria. 'Quand mes cousins viennent de Tunis', said one Algerian Muslim to a colleague of the present writer's, 'j'ai honte de mon arabe.'

³ See also p. 542, below.

Paris and that was intended to strengthen the administrative and political control over Africa'. On the 5th December, 1915, Monsieur Briand agreed to this proposal; and on the 10th of the same month he introduced into the Chamber a Bill 'to promote the appointment of Muslim conseillers légistes to the Commission Interministérielle des Affaires Musulmanes'. Thereafter, on the 30th January, 1918, in appointing Monsieur Jonnart to the Governor-Generalship of Algeria, Monsieur Clemenceau announced that, on that day, the Cabinet had 'decided to give effect, without further delay, to the solemn promises of an amelioration in the position of the Algerian natives'. He added that steps were to be taken to set up, at the Ministry of the Interior in Paris, a consultative Conseil de l'Algérie, composed of fifteen members, of whom three would be nominated by the Senate, and three by the Chamber of Deputies respectively, while the remaining six would be selected native members of elective organs of local government in Algeria. On the 22nd February, 1918, the question of Algerian reforms was debated in the Chamber in Paris, and apparently it was as a sequel to this debate that the suggestion was first made that Algerian natives of certain categories (particularly ex-service men) should be allowed to acquire French citizenship without any longer being required to renounce their Islamic 'personal statute'.¹

The question was raised again in the Chamber of Deputies in Paris in 1927 on the occasion of the passage of a new French electoral law. In the course of the debate on the Bill, the Government accepted, on the 31st May, a request for legislation 'for regulating the symmetrical organization of the representation of French citizens and of natives of Algeria and the Colonies'; and the Chamber also accepted a proposal from one of the European deputies for Algiers that the number of deputies representing Algeria should be increased from two to three per department. It did not, however, accept a proposal for enabling Algerian Muslims to acquire the French franchise without obligatory change of 'personal statute' when this proposal was put forward by Monsieur Diagne, the African deputy for the Senegal²

¹ See the *Survey for 1925*, vol. i, p. 181.

² In putting forward this proposal in favour of the Algerian Muslims, Monsieur Diagne was simply proposing that this community of White French Muslim subjects in the Maghrib should be granted in 1937 a political facility which the Black French Muslim subjects in the Senegal—within the limits of the four Senegalese 'communes de plein exercice'—had enjoyed since 1916, in virtue of a French law of the 29th September of that year. The Senegalese had subsequently availed themselves of their newly conferred legal rights by electing a polygamist, Monsieur Galandou Diouf, to be their deputy in the Chamber in Paris. (See an article by Monsieur Marcel Bataillon, entitled 'Les Indigènes algériens à la porte de la cité française', dated the 23rd January,

who was at that time President of the Commission of the Chamber for Algeria, the Colonies and the Protectorates. Thereafter, the non-naturalized Muslim members of local elected public bodies in Algeria (municipal councils, general councils of departments and financial delegations) formed an association under the title of the *Fédération des Élus Musulmans Algériens*, and held a first Congress at Algiers on the 11th September, 1927. At this meeting, which was attended by about one hundred and fifty members, eight desiderata were formulated—all of which were concerned with the removal of various existing inequalities in the respective treatment of French citizens and of Algerian French subjects—and the first point of the eight was a demand for the representation of Algerian French subjects in the French Parliament. A deputation from the Congress, conveying the eight demands, was received in Paris by the Minister for the Interior, Monsieur Sarraut, on the 14th November, 1927. Thereafter, on the 6th September, 1928, an interministerial commission of investigation into the question of enfranchising the Algerian French Muslim community was appointed by joint *arrêté* of the Ministers for the Interior and for the Colonies; and on the 5th September, 1929, a commission to study the representation in Parliament of the natives in Algeria and the colonies was appointed by Monsieur Tardieu.

In 1930, on the occasion of the celebration of the centenary of the first landing of French troops in Algeria, the French Government were moved, by a temporary glow of benevolence which the festivities had kindled in French hearts, to convey, between the lines of a speech delivered by the Governor-General of the day, Monsieur Bordes, a hint of an intention to grant the Algerian Muslim community some improvement upon their existing political status. This hint, however,

1937, and published in the periodical *Vigilance*.) The fact that a Senegalese Muslim was allowed by the French to obtain the French franchise, active as well as passive, without having to renounce his Islamic 'personal statute' made the differential treatment of Algerian Muslims seem all the more arbitrary and invidious.

'Can one admit the possibility of the co-existence, within the unity of the nation, of two so sharply dis severed categories of citizens: some—i.e. the mass of the French people—accepting all the obligations of the common law; others—i.e. the naturalized Algerians—accepting only a portion of it, and escaping the incidence of the common laws in respect of a number of acts of the most serious character?' (L. Jalabert: 'Pour un Redressement Nord-Africain' in *Études*, 20th August, 1935.)

'Albania, with her Muslim [as well as Christian] population, already offers an example of citizens who on the civil plane are heterogeneous while on the political plane they are equal.' (Bataillon, *op. cit.*)

Neither of these two French publicists has noticed the bearing, on the Algerian problem, of the currency of both an English and a Scots civil law within the unitary political framework of the United Kingdom.

was not readily implemented when French feelings had cooled down to their normal temperature. Four and a half years passed before Monsieur Maurice Viollette—a French Senator who had been Governor-General of Algeria in 1925–7 and had since then made himself the champion of the Algerian Muslims' plea for enfranchisement—could secure an opportunity to ventilate the question in the Parliament at Paris; and the debate in the Senate which took place, on an interpellation from him, on the 21st–22nd March, 1935, resulted in the rejection of his motion. Monsieur Viollette did, however, succeed, in his speech on the 21st, in giving the problem what proved to be its permanent formulation as a choice between two alternative procedures; and at the same time he made it clear which procedure of the two was preferable in his own eyes and in those of his Algerian Muslim clients.

The choice was one which was bound to arise wherever there was a question of conferring a franchise upon either the whole, or part of, a population composed of two or more communities which, while geographically intermingled, were distinct from one another in race or nationality or culture. It had in fact arisen, before the War of 1914–18, as between Germans and Czechs in the Austrian Crown Land (as it then was) of Bohemia and as between Whites, Coloured People, and Natives in the British Crown Colony (as it then was) of the Cape, while in the post-war years the same choice had arisen as between Europeans and Indians in the British Crown Colony of Kenya; and in each of these cases the two alternative solutions had come up for consideration. As expounded by Monsieur Viollette on the 21st March, 1935, *à propos* of Algeria, one alternative was to enfranchise the Algerian Muslim community *en masse* at a stroke, but to inscribe this new corps of voters on a separate electoral register of their own, so that their votes should not compete with those of the existing French citizens (composed of European colonists, Algerian Jews and a tiny band¹ of naturalized Algerian Muslims) in the three Algerian departments. The other alternative was for the moment to confine the enfranchisement of Algerian Muslims to a small *élite* of *évolués*, but to inscribe these new voters in the existing register, side by side with the French citizens domiciled in Algeria, or, in other words, to treat them precisely as though they had been naturalized, while at the same time dispensing them from the obligation to renounce their Islamic 'personal statute'.

This second alternative—which was based on the principle once enunciated by Mr. Cecil Rhodes as that of 'equal rights for all

¹ See p. 497, above.

civilized men'—was commended by Monsieur Viollette on two grounds: first, because it would confer the franchise on the new voters upon precisely the terms on which it was enjoyed by the existing electorate (whereas a separate register might seem like a device for taking away with the left hand what was being given with the right); the second ground was that a single register for all voters in Algeria would be a potent instrument for promoting the French aim of assimilation, whereas, if one register was kept for Christians, Jews and naturalized Muslims and another for Muslims who clung to their Islamic 'personal statute', this second register would work for the frustration of French policy by promoting the growth of a distinctive Algerian Muslim national consciousness. Neither alternative confronted the existing French citizen body in Algeria with any immediate prospect of being outvoted by the Muslim French subjects, though these outnumbered them by approximately six to one in the total population of the three departments. On the system of separate registers the electoral college of French citizens could be sure of electing its own deputies, while the electoral college of French subjects would presumably not be granted the right of electing a greater number of deputies than was allotted to the citizen college, notwithstanding the non-citizen college's vastly greater numerical strength; and on the system of a single register to which only an *élite* of the non-naturalized Muslims would be admitted, the new voters would be heavily outnumbered by the existing citizen electorate. It was, however, an essential feature of Monsieur Viollette's proposal that the number of the first batch of new voters should not be crystallized into a *numerus clausus* but should gradually be enlarged as a larger and larger proportion of the Algerian Muslim community progressively attained whatever standard of wealth or education or experience of public affairs might have been taken as the qualifying condition for enfranchisement. Thus, in the long run, the Algerian Muslim French subjects could look forward, on Monsieur Viollette's plan, to outnumbering the Algerian French citizens on the single electoral register, and they would then be able to outvote them if they chose to vote solid on communal lines (though even if every Algerian, or indeed every Maghribī, Muslim adult were to be inscribed on the register, their total vote could never become a dominating factor in French parliamentary politics, owing to the disparity in numbers between the Maghribī Muslim community and the total French citizen body in the Maghrib and Europe taken together). Nevertheless, the prospect that, even at some distant future date, the French citizen electorate in Algeria might find itself outnumbered by a non-citizen

Muslim electorate inscribed on the same register, excited the hopes of the Algerian Muslims and the fears of the colonists to a degree which made Monsieur Viollette's plan a highly controversial matter from that time onwards.

After the debate of the 21st-22nd March, 1935, in the Senate at Paris, the question remained in abeyance until the victory of the Popular Front in the French general election of the 26th April-3rd May, 1936. Thereupon, a Congress of Algerian Muslims¹ met on the 8th June at Algiers and demanded that the Viollette plan should be translated into action;² and on the 23rd July a deputation from this Congress was received in Paris by Monsieur Blum, who had formed his Government on the 4th June, together with Monsieur Viollette himself, whom Monsieur Blum had appointed as one of his Cabinet Ministers. On the 31st December, 1936, Monsieur Blum convened those deputies for Algeria who happened to be in Paris at the time (and who were, of course, all of them Algerians of European descent), and communicated to them the terms of a Bill, worked out by Monsieur Viollette, for putting his plan into effect.

Though the number of the first batch of Algerian Muslim *évolués* whom it was proposed to enfranchise without change of 'personal statute' was not more than 27,000,³ as against an existing Algerian French citizen electorate of about 250,000, the principle embodied in the project aroused, for the reason explained above, a vehement opposition on the part of both the Algerian deputies and their constituents.⁴

¹ At this Congress the 'ulamā and the *évolués* agreed, notwithstanding the fundamental difference between their respective ultimate aims, to work together in support of the Viollette plan. On this platform they were afterwards joined by the marabouts. This was a case in which the collective pressure of public opinion operated on the side of the 'Herodians', instead of operating on the side of the 'Zealots' (as it did in the struggle over naturalization). In their heart of hearts the 'ulamā, and *a fortiori* the marabouts, disliked the Viollette plan just because it threatened to remove one of the main obstacles to assimilation.

² It was resolved that, 'in the opinion of this Congress, the only possible Muslim policy in Algeria is to be found in the grant of all the rights of [French] citizenship to the Muslim Algerians without depriving them of their [Islamic] "personal statute"'. The Congress opts for a unitary representation in parliament, with a single common and all-embracing electoral college, and with the maintenance of the [existing] "personal statute".

³ This was the estimated total of the Algerian French subjects, not possessed of French citizenship, who would fall within one or more of nine categories which were specified in the Projet.

⁴ What the Algerian French citizens of European stock were afraid of was the participation of the *évolués* in the communal rather than in the parliamentary elections. There were certain communes on the Tell in which the Viollette plan would have the effect of immediately giving the Muslims a majority of the votes.

At Oran on the 5th January, 1937, the Federation of Mayors of the department held a meeting in the local town hall (with a crowd of Muslims chanting 'Vive le Front Populaire! Vive Viollette!' outside) and passed a resolution¹ condemning the *Projet Viollette* in strong terms. They further decided to send a delegation to a meeting of the Federation of Mayors of Algeria which was to be held at Algiers on the 12th January, and yet another delegation to Paris. At Constantine on the 6th January the Federation of the Mayors of that department likewise held a meeting and took corresponding action. At Oran on the 7th January the local members of the *Fédération des Élus Musulmans Algériens*² took their turn at holding a meeting and unanimously voted a resolution³—addressed to MM. Blum, Viollette, the Minister for the Interior and the Governor-General of Algeria—in which they denounced 'the intolerable action of certain mayors of Algeria' and declared their 'complete adhesion' to the *Projet Blum-Viollette*, on the ground that it accorded in principle 'with the legitimate aspirations of the French Muslims and with France's policy of assimilation in Algeria'.⁴ They described the Algerian Muslim community as being 'French at heart, in fact, and in law'. Similar motions were passed by the local members of the same organization at Constantine on the 10th and at Algiers on the 12th January. At Algiers on the 14th, motions in the contrary sense were passed at the meeting of the General Assembly of the Federation of Mayors of Algeria. At Algiers on the 7th February the *Projet Viollette* received a blessing from the first Congress of heads of Algerian Muslim religious fraternities ('the *Marabouts*'), who protested against a report—which they alleged to have been put into circulation by their adversaries in the bosom of the Algerian Muslim community—that their Congress had been convened for the express purpose of opposing the *Projet*.⁵ On the 5th March a delegation from the *Fédération des Élus Musulmans Algériens* was received in Paris by the Minister for the Colonies. On the 20th April, in the town hall at Oran, the Federation of the Mayors of the department met once again and passed a resolution⁶ protesting against propaganda of which

¹ Text in *Le Temps*, 7th January, 1937.

² For the foundation of this body see p. 514, above.

³ Text in *Le Temps*, 9th January, 1937.

⁴ The latter of these two considerations here put forward in favour of the *Projet Viollette* by the *Fédération des Élus Musulmans Algériens* made the *Projet* anathema to the *Parti Populaire Algérien* and not altogether agreeable to the Association of Algerian 'Ulamā (see R. Montagne, 'Évolution politique de l'Afrique du Nord' in *La France Méditerranéenne et Africaine*, Fasc. 1, 1938, p. 12).

⁵ For the attitude of the *marabouts* to the *Projet* see p. 517, n. 2, above.

⁶ Text in *Le Temps*, 22nd April, 1937.

the French colonists in Algeria, and also France herself, were declared to be the targets, and communal strife, civil war and the ending of the French predominance in Algeria to be the objectives. On the 21st April the same subject was ventilated at a meeting of the general council of the Department of Algiers.

On the 30th September, 1937, the French Government issued a decree extending the competence of the Algerian Muslim units of local self-government (the *jamā'āt* of the *duwār*: *Gallice*, les djemaas des douars) by applying to them the provisions of the French municipal law of the 5th April, 1884. This concession in the sphere of local self-government did not reconcile the Algerian Muslims to the delay in the satisfaction of their demand for the French franchise; and their impatience was advertised by the resignation, before the turn of the year, of more than 3,000 Muslim elected representatives on Algerian local bodies. On the 30th December, 1937, however, the *Projet Viollette* was at last laid on the table (*déposé sur le bureau*) of the Chamber in Paris; thereafter Monsieur Chautemps's Government, which had succeeded Monsieur Blum's on the 23rd June, decided to support the *Projet* and to ask Parliament to vote it as a matter of urgency; and, in response to this and other conciliatory gestures in Paris, a deputation of the *Élus Indigènes Démissionnaires* of the Department of Constantine, led by Dr. Ibn Jalūl (*Gallice*, Bendjelloul) waited, in Paris on the 1st January, 1938, upon Monsieur Sarraut—who had been appointed on the 20th October, 1937, to the new French Cabinet post of Minister for North Africa¹—to inform him that, if these Cabinet decisions were duly put into effect, they were prepared, for their part, to withdraw their resignations and to resume their collaboration with the French authorities. This *démarche* in Paris by the Constantinian Muslim delegation was followed, however, within the next few days, by a telegram to Monsieur Chautemps, protesting once again against the *Projet Viollette*, from the Federation of the Mayors of the same department; and on the 8th February, 1938, at Algiers, a meeting of more than three hundred Algerian mayors, members of general councils of departments, and members of financial delegations passed a resolution² condemning the *Projet Viollette* and threatening resignation, on their part, if it were to become law. Meanwhile, the Bill was under consideration by the committee on universal suffrage and other relevant committees of the Chamber; and Algerian deputations, representing both the Muslim community and the local French citizen body, were stating their conflicting cases to these parliamentary committees, as well as to

¹ See p. 542, below.

² Text in *Le Temps*, 10th February, 1938.

Ministers of State and to the parliamentary groups of the French political parties. On the 4th March the committee on universal suffrage adopted the first article of the Bill with amendments, broadening the qualifications for obtaining the franchise without renunciation of Muslim 'personal statute', which would have the numerical effect of adding, not merely 27,000, but about 200,000 Algerian French Muslim subjects to the existing Algerian electoral register of about 250,000 French citizens.¹ Thereupon, at Algiers on the 6th March, the members of the delegation from the Fédération des Élus Français d'Algérie, who had just returned from Paris, announced their resignations.² This step would seem (to judge by a leading article in *Le Temps* of the 9th March, 1938) to have caused some prejudice to their case in European France on the ground that the three French departments in Algeria were integral parts of the metropolitan territory of the Republic and that it was, therefore, unseemly for the French citizens domiciled in these particular departments to lay down the law on a question of national importance which was properly the concern of the whole electorate as constitutionally represented by the Parliament at Paris. Meanwhile, in Algeria, resignations of French citizen-mayors, deputy-mayors, and members of local elective bodies continued to be sent in until, by the 10th March, the figure for mayors and deputy-mayors alone had risen to three hundred and twenty (from the mayors of Oran, Algiers and Constantine down to those of the lesser municipalities). On the 22nd April, however, all these resignations were suddenly withdrawn on the advice of the President of the Fédération des Élus Français d'Algérie, Monsieur Abbo,³ upon his return from a visit to Paris, where he had conferred with the new Prime Minister, Monsieur Daladier, who had formed a Government, in succession to Monsieur Blum, on the 10th April.

While enfranchisement without naturalization was thus the burning question for the Muslims of Algeria, who were already French

¹ It is possible that the intention of this amendment was, not to increase the benefit to the Algerian Muslim community, but rather to compromise the *Projet Viollette* in French eyes by indicating that, if the franchise was to be conferred on these terms at all, it would be impossible to limit the number of the beneficiaries to Monsieur Viollette's own innocuous figure. It would, in fact, be virtually impossible not to give the benefit of the *Projet* to all Algerian ex-service men *ex officio*, and this alone would raise the number of the beneficiaries to at least 200,000.

² Text of the *communiqué* announcing their resignation in *Le Temps*, 8th March, 1938.

³ Text of Monsieur Abbo's letter to his colleagues in *Le Temps*, 23rd April, 1938.

subjects *de jure* and who still eagerly aspired to gain the French franchise, the Muslims of Tunisia, who were, not French, but Tunisian subjects, were exercised over the question of naturalization, which for aliens—as the Tunisian Muslims were in the eyes of the French law—was the only conceivable avenue to the acquisition of either the French suffrage or any other of the powers and rights and perquisites that were prerogatives of French citizenship. The Tunisian Muslim community did not quarrel with its non-French national status; for its ambition—in contrast to that of the Algerian Muslim community—was not to enter into the body politic of France but to follow in the footsteps of the 'Irāqīs, Egyptians and Syrians by taking its place, side by side with these Levantine Arabic-speaking Muslim peoples, as a sovereign independent nation which would have no political link, of a more intimate kind than a treaty-relation, with any foreign Power. Accordingly, in Tunisian Muslim eyes, facilities offered by France to Tunisian Muslims for naturalization as French citizens were suspect as insidious devices for disintegrating the Tunisian body politic by abstracting from it some of its most valuable members, while those individuals who did succumb to the temptation of abandoning their Islamic 'personal statute' as the purchase-price of French citizenship were execrated by their own countrymen and co-religionists as traitors and apostates.

The strength of this Tunisian public feeling was such that it made the French law of the 20th December, 1923,¹ almost a dead letter. On the 31st December, 1925, when this legal instrument for enabling Tunisian Muslims to become Frenchmen *de jure* had been in force for more than two years, the number of families possessing French citizenship in Tunisia which were entirely Muslim was only two hundred and eighty-one, the number in which the wife was French was only thirty-five, and the number which were entirely Catholic in religion, while of native Tunisian stock, was only twenty-five. During the twelve years ending in 1937 the French authorities made some attempt to conciliate Tunisian Muslim opinion by carrying out administrative reforms.² The report of the Tirman Commission, which had been engaged for some time in studying this subject, was published on the 10th November, 1925, and was accepted by the Grand Conseil of Tunisia on the 30th April, 1926. Thereafter, the Conseils de Caïdat and Conseils de Région were reorganized by a

¹ See the *Survey for 1925*, vol. i, p. 179.

² For the Tunisian Muslim grievance over the fact that a majority of the officials in the service of the Tunisian state were Frenchmen, not Tunisians, see p. 505, n. 1, above.

Beylical decree of the 27th March, 1928, and the Grand Conseil itself by a Beylical decree of the 28th March, 1928,¹ while a decree of the 3rd July, 1933, at last admitted Tunisian subjects to public employment in their own country on terms of equality with French citizens.² The Tunisian Muslim feeling over the question of naturalization was, however, neither diverted nor appeased—as was demonstrated by successive ‘incidents’. Two ‘incidents’ of the kind arose over the simultaneous deaths, at Biserta on the 31st December, 1932, of a naturalized French Muslim of Tunisian origin with a French wife, and of the son of another naturalized French Muslim of Tunisian origin. Both corpses were refused burial in the Muslim cemetery—and it was only through the energetic intervention of the local French *contrôleur civil* that this refusal was overruled in the case of the boy (whose corpse his co-religionists had wished to penalize for the boy’s father’s offence, though the boy himself had not been naturalized). There were similar incidents on the 15th April and the 1st May. This device for posthumously stigmatizing naturalized French Muslims of Tunisian origin as outcasts proved so effective that the French authorities were constrained to provide special cemeteries for this category of French citizens;³ but this was cold comfort for these unfortunates; and their spirit was finally broken by the surge of nationalist exaltation that swept over the Maghrib after the victory of the Popular Front in the French general election of May 1936.

At Tunis, in the Palais des Sociétés Françaises, on the 27th December, 1936, at a meeting of the General Assembly of the Ligue des Musulmans Français,⁴ the newly elected executive committee was put on oath—in the names of God, the Qur’ān and the Prophet Muhammad—to obtain for the members, at all costs, the restoration of their Tunisian nationality. In execution of this mandate the

¹ Texts in *Renseignements Coloniaux*, 1928, pp. 279–87.

² In Tunisian eyes it was a retrograde step when a Beylical decree of the 7th February, 1936, laid down (Art. 45) that an elementary knowledge of the French language must be shown by all Tunisian officials except those concerned with the administration of the *Shari’ah*. On the other hand, the openings for Tunisian subjects in the Tunisian service were further enlarged by a Beylical decree of the 4th June, 1937 (text in *Oriente Moderno*, July 1937, p. 364).

³ This decision was announced on the 27th May, 1933. These special cemeteries were carved out of the existing Muslim cemeteries, from which they were fenced off by a low wall.

⁴ The foundation of this society had been authorized by a Tunisian decree of the 15th December, 1924. Though its seat was at Tunis, its membership was not confined to naturalized French citizens of Tunisian origin, but was open to those of Algerian and Moroccan origin as well. In 1929 its total membership had been 705 (implying a community of about 2,000 souls, inclusive of the members’ families).

committee addressed a letter to the Bey of Tunisia, begging him to obtain from the French Government the passage of a French law to enable naturalized French citizens of Tunisian origin, and their issue, to recover their Tunisian nationality. Simultaneously they published an open letter conveying the same request to the President of the French Republic. In the preambles to these two documents, the unhappy petitioners submitted that, in opting for French citizenship, they had never meant to abandon their quality of being Muslims, not even by the abandonment of their 'personal statute'; that there had been nothing to that effect in the legal instrument which they had signed; that it had been subsequently demonstrated that, according to the *Shari'ah*, the retention of the quality of being a Muslim was incompatible with naturalization as a French citizen; that they had been denied Muslim burial and been excluded from participation in Muslim religious rites; that they had been branded as renegades by the French Resident-General in Tunisia in public and official statements of the 11th May and the 5th June, 1934; that they had been accused in the Paris journal *La République* of the 8th July, 1934, of having apostatized for the sordid purpose of drawing the additional allowance (*le tiers colonial*) which Tunisian officials who were French citizens were entitled to receive at the cost of the Tunisian Treasury; that they were despised by their French fellow citizens besides being execrated by their Tunisian kinsfolk; and, in fine, that their naturalization had involved them in humiliation, loss of repute and disgrace, not only in Tunisian society but in the forum of world opinion, both Muslim and non-Muslim. On the 14th February, 1937, the petitioners followed up these letters by asking for a legal opinion (*fatwā*) on the question from all the doctors of the Islamic Law.¹

Their misery was aggravated by an attempt on the part of a Muslim crowd at Tunis on the 9th May, 1937, to exhume from a Muslim cemetery the corpse of a naturalized French citizen of Tunisian Muslim origin who had been buried there on the previous day. The attempt was frustrated by the police; but they took care to avoid further trouble by themselves arranging for the transfer of the corpse, before nightfall, to the burial place reserved for naturalized Muslims by the French authorities. In Paris in July 1937 the President of the *Ligue des Musulmans Français*, accompanied by two of the members, pleaded their cause in an interview with the French Under-Secretary of State for Foreign Affairs. This desperate eagerness of the

¹ Text of request in *Oriente Moderno*, July 1937, pp. 362-3. Down to the time of revising this chapter in July 1938 these steps had not led to any result.

naturalized French citizens of Tunisian Muslim origin to divest themselves of their acquired status was manifestly a serious setback for the French policy of assimilation and an important success for the cause of Tunisian Nationalism, which had now managed, by the merciless exercise of moral pressure, to turn what had once been an honourable and profitable privilege into a shameful and intolerable affliction.

In Morocco the battle between France and Islam over the French policy of assimilation was joined at an earlier stage on the road, because it was fought for a larger stake than the gain or loss of a few hundred individual *évolués*. The question was whether the primitive Berber highlanders of the Atlas should eventually be civilized into Muslims or into Frenchmen.

At the time of the declaration of the French protectorate over Morocco in 1912 Morocco was divided—as it had been for centuries past, and indeed perhaps ever since the incoming of Islam in the eighth century of the Christian Era—into a lowland domain of the Islamic *Shari'ah*, the Arabic language and the authority of the Sharifial Government (the *Makhzan*), and a highland no-man's-land, where the virtually independent chiefs of Berber-speaking tribes continued to rule their tribesmen in accordance with pre-Islamic ancestral customs. When the French set themselves to establish law and order in the highlands by force of arms in the Sharif's name, they decided not to make it their business to promote the spread either of the *Shari'ah* at the expense of tribal custom or of Arabic at the expense of Berber. As early as the 11th September, 1914, a sharifial *zahir* was issued,¹ which gave a general assurance that any hitherto 'dissident' Berber tribes that now submitted to the Sharif's authority (as imposed by the protecting Power) would be allowed to go on living under their customary law. A further *zahir* of the 15th June, 1922, laid down special rules to govern the alienation of land to outsiders in the territories of tribes living under Berber customary law where there were no *Shar'i* courts. These dispositions made it necessary to map out the French Zone of Morocco into one area in which the *Shari'ah* and another in which tribal custom was recognized as being the local law of the land; and thus the historic division of Morocco into highlands and lowlands was sharpened and perpetuated on the legal plane in the very process of its obliteration on the political plane through the effective establishment of French authority, exercised in the Sharif's name, over highlands as well as lowlands.

¹ See the *Survey for 1925*, vol. i, pp. 126-7.

In 1930, when the completion of the pacification of the highlands was within sight, this French policy was formulated and declared in the following *zahir* which was issued by the Sharif on the 16th May of that year and was promulgated by the French Resident-General on the 23rd of the same month:

Article 1. In the tribes of Our Empire which are recognized as living under Berber custom, the tribal chiefs are competent to deal with offences committed by Moroccan subjects which would be within the competence of the qā'ids in other parts of the Empire.

For other offences, competence and jurisdiction are regulated by Articles 4 and 6 of the present *zahir*.

Article 2. Subject to the rules governing the competence of the French tribunals in our Empire, civil or commercial actions and actions relating to personal property or real estate are to be judged, in the first or last instance, according to the assessment which will be fixed by decree of the Vizier, by the special courts known as customary tribunals. These courts are equally competent in all matters relating to personal statute or to inheritance. They apply the local customary law in every case.

Article 3. Appeal from judgments given by the customary tribunals, in cases where it is admissible, is to courts known as customary tribunals of appeal.

Article 4. In penal cases these tribunals of appeal are also competent, in the first and in the last instance, to deal with the cases referred to in paragraph 2 of Article 1 above, and also with all offences committed by members of customary tribunals in regard to which the tribal chief is normally competent.

Article 5. A Government Commissioner, appointed by the regional authority for the district in question, is appointed to each customary tribunal of first instance or of appeal. Each court has in addition a Secretary-Registrar, who will also perform the functions of solicitor.

Article 6. The French penal courts, in accordance with their own rules, are competent to deal with offences which have been committed in Berber territory whatever may be the status of the offender. In these cases the *zahir* of the 12th August, 1913 (9 Ramadan, 1331) on criminal procedure is applicable.

Article 7. Actions relating to real estate to which persons subject to the French courts are parties, either as plaintiff or as defendant, are within the competence of those courts.

Article 8. Rules governing the organization, composition and working of the customary tribunals will be fixed by successive decrees as required.

The French policy that was embodied and revealed in this legal instrument was probably inspired by a mixture of motives. On the one hand, the French were undoubtedly concerned to abate the highlanders' repugnance to submitting to a *Pax Gallica* by confining their demand on them to the single capital point of respecting law and order, without going on to require the chiefs to give up their hereditary authority or the people their ancestral customs. This calculation

showed a wisdom and humanity which contrasted favourably with the repressive policy of the British Government towards Gaelic dress, speech and custom in the highlands of Scotland after the suppression of the rebellion of A.D. 1745. There was, however, in twentieth-century French minds, an *arrière-pensée* which was expressed, *à propos* of the *zakhir* of the 16th May, 1930, in *Le Temps* of the following 17th June.¹ In 1930 the Berbers of the Moroccan highlands were near akin, not only in race² but also in the level of their culture, to the Gaels of the Scottish highlands two hundred years back. In the short span of two centuries which had passed since Marshal Lyautey's work in the Atlas had been anticipated in the Grampians by General Wade, the last of the barbarians in Great Britain had been completely assimilated to the bourgeois society of the modern Western World. Glasgow had succeeded to Glencoe, and in the year 1930 a descendant of 'the wild highlanders' of 1745 was presiding in Downing Street as Prime Minister of the United Kingdom. Could not the last of the barbarians in another European island³ be similarly converted into Frenchmen?⁴ Given the French policy of assimilation, and the stimulation of this policy by a growing eagerness to enlist recruits from outside for a French nation which was now no longer growing by a natural increase, the untapped reservoir of prolific White barbarians in the Atlas could hardly have failed to attract the covetous attention of French statesmen and publicists. French experience with the Algerian Berbers of Kabylia, who by this time had been under French rule for the best part of a century, had already shown that the Berber stock was responsive to the cultural process of Gallicization.⁵ Could not this process now be set in motion on a larger scale among the Algerian Kabyles' Moroccan kinsmen in the Atlas, who were more primitive and therefore presumably more plastic? In this Moroccan highland Barbary neither the Sharifal *Makhzan* nor the Arabic language nor the *Shari'ah* had ever yet secured more than a superficial hold. Might

¹ In an article by Monsieur J. Ladreit de Lacharrière.

² The native peoples of the Maghrib, like those of the British Isles, were as white as the inhabitants of continental Europe.

³ *Sic*, if the Maghrib was rightly to be regarded (see pp. 490-1, above) as a detached piece of Europe rather than as an integral part of Africa.

⁴ 'Frenchmen', not 'Christians'; for the evangelization of the Berbers was 'le cadet des soucis' of the twentieth-century French 'état laïque', and there was no truth in the allegation—put into circulation by the Young Moroccan Nationalists, included in the Plan de Réforme Marocaine which they presented to the French authorities in December 1934, and repeated in the Levantine Muslim Press—that hundreds of European Christian missionaries were being imported into Morocco by the French for the conversion of the Berbers. In the whole of the Berber tribal area in Morocco there seems to have been only one solitary Catholic Christian missionary.

⁵ See p. 498, above.

not the old-fashioned and lifeless veneer of Islamic civilization peel away at a tactful French touch and lay bare an unspoilt and vigorous barbarian stock which could then perhaps be trained by French hands to grow into a masterpiece of French culture?

These French dreams were a nightmare to the more active minds among the Arabic-speaking townsfolk in the ancient centres of Islamic culture in the Moroccan lowlands. They were now faced with the prospect that their Berber-speaking highland neighbours, whom they had neglected, through the centuries, to incorporate thoroughly into their own body social, might be lost to Islam irretrievably through being assimilated to an active and attractive alien culture. This new and intense anxiety was brought to a head by the promulgation of the *zahir* of the 16th May, 1930, and by the commentary on it in the French Press; and thus a step which had been intended in French minds to be a fresh move towards the distant goal of Gallicizing the Moroccan Berbers had the unexpected and disconcerting effect of immediately precipitating a militantly anti-French Nationalism among the still rare and callow Moroccan *intelligentsia* in the Arabic-speaking city of Fez. There were manifestations against the *zahir* in the streets of Fez on the 20th July, 1930; these were repeated on the 26th and 27th July, 1930; troops had to be called out; and in spite, or perhaps because, of the counter-measures which the authorities felt themselves constrained to take, the unrest rapidly spread. At Rabât, on the 27th August, a delegation of Fâsis who had come to protest against the *zahir* was received by the Sharif; and this recognition gave rise to further manifestations at Fez.

Thereafter, the anniversary of the date of issue of the *zahir* of the 16th May, 1930, was celebrated, year by year, by the young Moroccan intellectuals as the birthday of a Moroccan national consciousness which had sprung from the *zahir*, fully armed, like Athena from Zeus's head. Moreover, the Moroccan Muslims' cause was taken up vigorously by their co-religionists in other provinces of Dâru'l-Islâm. Resolutions condemning the decree were passed, not only by the Islamic Congress which met at Jerusalem in December 1931,¹ but by bodies of Muslims all over the world; and although this support did not go beyond the limits of verbal encouragement, it seems to have had the effect of strengthening the Moroccan resistance to French policy. The French authorities were so deeply impressed with the vehemence of the opposition that the *zahir* had aroused that they tacitly allowed it to remain a dead letter.

¹ See the *Survey for 1934*, pp. 99-109.

(e) THE SPREAD OF UNREST

It was a paradox, perhaps explained by the vehemence of the Moroccan temperament, that the Nationalist reaction of the Muslim population of the Maghrib against the French policy of assimilation should first have shown itself in a militant form in the country which was the most recently occupied and the least effectively Gallicized of the three Maghribī territories over which the French had successively established their dominion. But the unrest which had manifested itself in the Moroccan lowlands after the issue of the Sharifiā *zahir* of the 16th May, 1930, rapidly became rife all over French North-West Africa.¹

At the opposite end of the Maghrib, at Sfax (Safāqus) in the Tunisian Sāhil, there were anti-Zionist riots on the 25th–26th July, 1932, and there was a similar riot on the 14th August at Ariana, near Tunis. In 1933 the trouble came to a head in Algeria too. The Association of Algerian 'Ulamā, founded in 1931,² had been so active and so successful in preaching their cause that the French authorities now began to take police measures to restrain them. In February 1933 their speakers were successively forbidden the use of the mosque at Tlemçen, the free school at Sig, and the Qur'ān school at Sidi-Bel-Abbès; and in Algiers itself the president of the local Association Cultuelle Musulmane was invited by the Prefect of the department to put a stop to the preaching—especially in a mosque known as the Jāmi'u'l-Jadīd—of a certain Shaykh Al-'Uqbī. On the 10th February the president of the Association of Algerian 'Ulamā protested against these restrictive measures in a public speech, and the president of the Association Cultuelle refused to fall in with the Prefect's wishes. In consequence, on the 16th and the 18th February, the Prefect addressed to his subordinates two successive circulars. The first of these official instructions³ ran as follows:

I have received information from various sources that the native population is being disturbed by propaganda which is being conducted

¹ The stimulus of the unrest in Tunisia and Algeria came, of course, not from Morocco, but from the Arabic-speaking countries of the Levant (see p. 501, above); and while there was a distinct and persistent tendency towards common action against a common French political adversary, it was the slightness of the co-operation between Tunisian, Algerian and Moroccan agitators, rather than their tendency to act together, that struck a foreign observer at the time. This was only partly due to the recentness of the date at which the several provinces of the Maghrib had come to be unified physically by the construction of modern Western means of communication (see p. 540, below); the disjointedness in action was also due in part to a difference of aims between the 'Zealots' and the 'Herodians' (see pp. 509 and 511 n., above), whose relative strengths were markedly different in the different territories.

² See p. 501, above.

³ Text in *L'Afrique Française*, 1933, pp. 239–40.

among them either by emissaries drawing their inspiration from the Wahhābī movement at Mecca, or by Algerian pilgrims who have been won over by Pan-Islamic ideas, or by groups such as the Association des Savants Musulmans, which has been founded at Algiers with the object of opening private Arab schools in which the Qur'ān and the Arabic language would be taught, and which is in close contact with the Tunisian Dustūr.

The object of this propaganda is generally to spread Wahhābī ideas in Muslim circles—under the pretext of returning to dogmatic purity and of purging religion of secular customs which are exploited by religious fraternities and by local marabouts, but in reality, it may be, with political designs aimed against the French cause.

Most of the heads of the fraternities and many of the marabout families which are most revered by the natives are sincere supporters of our administration, and see themselves threatened by a movement which, as a result of active and skilful propaganda, is daily gaining recruits, especially among young people educated in the Qur'ān schools.

This situation calls for our most active vigilance. It is not possible to tolerate propaganda which conceals, beneath the mask of Islamic culture or religious reforms, a pernicious orientation from which the natives under our administration would be the first to suffer.

I ask you therefore to keep a most careful watch upon meetings and lectures organized by the Association des Savants Musulmans, which is presided over by Monsieur Benbadis and of which Shaykh Tayyibu'l-'Uqbī is the recognized spokesman; and upon the Qur'ān schools, in which an attempt is being made to replace the tālibs who are in office by Wahhābī partisans.

This circular went on to give a similar warning against Communist propaganda in the department, and officials were instructed to take notes of speeches at meetings with an eye to instituting prosecutions.

The second circular¹ dealt with the use of Islamic ecclesiastical edifices for political purposes:

I have been informed that on various occasions sermons, courses of instruction and lectures have been delivered in mosques, with the formal or tacit consent of the religious authorities, by individuals who do not belong to the regular personnel.

I shall be glad if you will, as a matter of urgency, remind the authorities responsible for mosques in your territory that they must not allow any manifestation other than religious observances to take place in these buildings without having first referred to me and obtained my permission.

You will kindly ask the proper officials in your district to take careful note of these instructions and to conform to them in future, for I shall not hesitate to ask the Governor-General to take severe measures against any religious authorities who have infringed them.

When Shaykh Al-'Uqbī did not make his customary appearance in the Jāmi'u'l-Jadid on the 24th February, the congregation were

¹ Text in *L'Afrique Française*, 1933, p. 240.

informed that the French public authorities had 'forbidden the Shaykh to give religious instruction in the mosques'. The charge was not inaccurately formulated considering that Islam was a 'totalitarian' religion which knew nothing of the Western distinction between an 'ecclesiastical' and a 'political' sphere of life and action.¹ And the disappointed congregation expressed their resentment by demonstrating at the Prefecture. The demonstrators were rebuffed by both the Prefect and the Governor-General, to whom they carried their complaint. On the 2nd March the Prefect refused a request, from a Muslim delegation, that the obnoxious instructions should be withdrawn. On the 3rd there was a riot in which the police had to be assisted by troops before order could be restored.

From Algeria the storm-centre shifted to Tunisia, where the Muslim community was excited by the two 'burial incidents', recorded above in another context,² of the 15th April and the 1st May, 1933. On the former of these two occasions the disturbances lasted two days, troops were called out, and seventy arrests were made. On the 17th April, 1933, the Bey received a deputation of opponents of naturalization, and on the 21st he issued a sedative manifesto in which he gave an assurance that, in this matter, the *status quo* would be maintained. But the unrest spread to Sūsah on the 18th April and to Qayrawān on the 22nd; it was fomented by the trial at Tunis, on the latter date, of the rioters of the 15th-16th; and thereafter the authorities began to take counter-measures. A Beylical decree of the 6th May, promulgated on the 12th, gave the French Resident-General special police powers; another of the 27th May, promulgated on the 31st, extended to Tunisian newspapers published in French the regulations to which the vernacular Press was already subject. The law was applied to three journals on the 31st May itself; and the *Dustūr* was dissolved by decree on the same day. The Tunisian Nationalists retorted by a one-day protest strike on the 1st June and by a boycott of French goods, particularly the wares of the Tobacco Régie.

Meanwhile, on the 10th May, 1933, anti-Jewish riots had broken out at Rabāt in Morocco and had not been quelled without the calling out of troops and the arrest of one hundred and fifty persons. There was an anti-Jewish riot at Tlemcen, in Western Algeria, on the 6th July. At Monastīr in Tunisia there was a 'burial incident' on the 7th August. The persons arrested on this occasion were released as

¹ In the first generation of Islam the sermons preached to the troops by their commanders on Fridays had not been of a very different texture from the orders of the day on other days of the week, and *humanum nihil a me alienum puto* had never ceased to be the watchword of the Islamic pupil.

² See p. 522.

an inaugural act of clemency on the part of a new French Resident-General, Monsieur Peyrouton, who arrived in Tunis on the 10th August from Algeria, where he had been Secretary-General to the Government. At Bône, in the Department of Constantine in Algeria, on the 17th September, 1933, there was a fight between the respective partisans of the 'ulamā and the marabouts which was not stopped without the intervention of troops as well as police.

In 1934 some lessons in political agitation were given to the Muslims of French North-West Africa by the 'Rūmīs' in their midst. At Rabāt on the 5th February there was a scuffle between the police and a crowd of 2,500 French colonists from all parts of the Protectorate who had come to protest to the Resident-General against the alleged lethargy of the authorities in helping them to meet their debts and to wrestle with their technical difficulties as agriculturists. In the same city, and simultaneously at Casablanca on the 4th March, the French civil servants met to protest against a reduction in their salaries and allowances, in consequence of the economic crisis, which had been decreed in a *zahir* published on the 27th February. At Rabāt they paraded through the streets to the quarters of the Resident-General, Monsieur Ponsot. In Tunisia Monsieur Peyrouton raised a storm among the European population by expelling some militant Syndicalist agitators from the protectorate at the beginning of July. The Muslims promptly took these 'Rūmī' cues.

In Morocco a state visit of the Sharif to Fez was made the occasion for anti-French Nationalist demonstrations on the 8th and 10th May, with the result that the visit was curtailed. But the most important political event of the year 1934 in Morocco, and indeed in the Maghrib as a whole, was the formation of a Comité d'Action Marocaine, and the almost simultaneous presentation of a Plan de Réforme Marocaine by the Moroccan Nationalists to the French authorities, towards the close of the year, early in December. Meanwhile, at Algiers on the 12th February, a contingent of Muslims had taken part in a procession of predominantly Frankish demonstrators of the Left who were protesting against the rioting by partisans of the Right on the 6th February in Paris. In May 1934 pacific demonstrations were organized by the Association of Algerian 'Ulamā and kindred bodies at Tlemcen, Constantine, Bône and other places. But these manifestations of Algerian Muslim discontent were eclipsed by an explosion at Constantine on the 5th August, 1934, when there was a general assault of the Muslim majority upon the persons and property of the Jewish minority of the inhabitants, and order was not restored until

the garrison had been reinforced by two additional battalions.¹ There were twenty-seven deaths on this occasion, and one hundred and forty-four persons were arrested. On the same day, in the same department, there was a similar murderous outbreak of Muslims against Jews at Ain Beida ('Ayn Baydā).

Meanwhile in Tunisia there was a recrudescence of unrest after the secession from the Dustūr, on the 20th March, 1934,² of the more radical Neo-Dusturian group. On the 3rd September, 1934, the Resident-General published three repressive decrees, one dating from the 15th April and the others from the 1st September;³ and on the strength of the first of the three he arrested and interned eight of the Neo-Dusturian leaders. This stroke provoked a strong and widespread reaction. There were disturbances all over the country from the 3rd to the 9th September inclusive,⁴ the most serious being an outbreak at Muqīn on the 5th. On the 3rd a joint deputation from the Dustūr and the Neo-Dustūr was received by the Bey, and the Resident-General received representatives of the Native Section of the Grand Conseil on the 3rd and the 6th; but a promise that five of the prisoners would be released on the 3rd October was revoked in consequence of the continuance of the disturbances. Eight more Nationalist leaders were arrested after the Bey had been importuned by demonstrators at Tunis on the 1st January, 1935, and a Dustūrī leader was condemned to one year's imprisonment and five years' banishment on the 21st February. There was a Nationalist demonstration in Tunis on the 28th March, but this passed off peacefully, and on the 2nd September, 1935, it was announced that eight of the prisoners were to be set at liberty.

In Algeria in 1935 there was a fight at Sétif, on the 1st February, between some drunken Algerian soldiers and the police,⁵ and a disturbance at Wād Zanātī, between Constantine and Guelma, on the 22nd February. In the same month there were strikes of dockers, involving some disturbance of the peace, in a number of Algerian ports; but the causes were economic and not political, and 'Rūmīs' as well as Muslims were involved. A token of the seriousness with which the situation in Algeria was regarded in Paris by this time was a personal visit which the Minister of the Interior, Monsieur Marcel

¹ See, in *Le Temps* of the 8th August, 1934, a *communiqué* issued by the Ministry of the Interior in Paris.

² See p. 504, above.

³ Texts of all three in *L'Afrique Française*, September 1934, p. 527.

⁴ Catalogue in *op. cit.*, *num. cit.*, pp. 527-9.

⁵ See the *communiqué* from the Minister of the Interior in *Le Temps*, 4th February, 1935, and the text of an order of the day from General Nogues, at that time commanding the Nineteenth Corps, in *Le Temps*, 2nd March, 1935.

Régnier, paid to Algeria on the 4th–22nd March, 1935. On the 6th April the Minister issued a decree imposing severe penalties for the offence of political agitation against French sovereignty, or resistance, whether active or passive, to the exercise of it, in Algeria.

The next twelve months were uneventful in Algeria; and in the two sister Maghribi territories likewise the early part of the calendar year 1936 was marked by nothing more serious than a certain effervescence among the students of the Islamic universities of Tunis and Fez, and a brawl at Sūsah on the 27th April between some Senegalese soldiers and the local Muslim population. This spell of comparative tranquility was brought to an end, however, by the repercussions in the Maghrib of the victory of the Popular Front in the French general election of the 26th April and the 3rd May and the consequent assumption of office in Paris, on the 4th June, by a Coalition Government under the presidency of the Socialist leader, Monsieur Léon Blum. The sensitiveness of the population of French North-West Africa—and this not only in Algeria, but also in Tunisia and in Morocco—to these domestic events in the life of France¹ demonstrated the effectiveness of the French policy of assimilation in a fashion that was disconcerting for its advocates; and in all three African territories the wave of industrial unrest which had been set in motion in France by the sudden sharp political inclination towards the Left, first reached, and stirred, the urban elements of European origin before it transmuted itself into a Nationalist agitation in the ranks of the Muslim community.

On Sunday the 14th June, 1936, there were celebrations of the victory of the Popular Front at Algiers, Oran, Tlemcen, Mostaganem, Mascara and Sidi-Bel-Abbès; and in the last-named place there were disorders which resulted in forty-five casualties and considerable damage to property. The strike movement likewise quickly spread from the European to the Algerian departments of France, where the number of strikers attained a maximum, in June and July 1936, of 39,000.² In these disturbances Muslim as well as 'Rūmī' working people were involved; and in Muslim circles the new current of unrest flowed into previously worn channels. The Maghribi Muslims were perhaps also affected simultaneously by another psychic wave which broke upon the coasts of the Maghrib, not from France, but from Palestine, where in April 1936 (that is, on the eve of the political

¹ The French habit of making political appointments to colonial governorships may have had something to do with this.

² Statement by the Under-Secretary of State for the Interior in Paris on the 29th January, 1937.

change in France) the local Arab opposition to Zionism and to the British mandatory régime had assumed the militant form of an armed insurrection of guerrilla bands.¹

Between the fourth week of May and the middle of July there were disturbances of varying degrees of seriousness at Sidi-Bel-Abbès, Tlemcen, Oran, and other Algerian towns; and this outburst of criminal violence culminated at Algiers on the 2nd August in the murder of the most eminent Islamic dignitary in Algeria: the sixty-eight-years-old Malikite Mufti of the Great Mosque of Algiers, Shaykh Mahmūd b. 'Alī. The victim of this crime was a representative of an old-fashioned Francophil school of Algerian Muslim divines; and, at his funeral on the 4th August in his native city of Constantine, the funeral oration was delivered by Monsieur Milliot, the French Director-General of Native Affairs and of the Southern Territories.²

In Tunisia a new Resident-General had announced certain prospective acts of clemency—including the release of eight of the political prisoners—on the 22nd April, and this amnesty was confirmed on the 23rd May. At Qafash on the 2nd July there was a clash between Muslims and Jews. The wave of strikes reached Tunisia from France on the 17th July and did not begin to subside until half-way through August. This labour unrest chiefly affected the Frankish element in the population, and it therefore did not deter the Government from publishing on the 9th August a number of conciliatory Beylical decrees of which the Muslim community were the principal beneficiaries. One decree of that date relaxed the existing restrictions on the freedom of the Press; two others respectively restored in large measure the liberty of public meeting and that of private association; another repealed the decree of the 15th April, 1934,³ and a supplementary decree of the 1st July, 1935. The decree of the 6th May, 1933,⁴ was left in force. This lightening of governmental pressure was followed by a peaceable revival of Tunisian Muslim Nationalist political activity. On the 28th August the *Dustūr* held an open-air meeting in Tunis, and on the 1st October its leaders were given an audience by the Bey at Marsā.

The repercussion of the political events in France also made itself felt with remarkable promptness in Morocco. The strike-wave reached Casablanca as early as the 12th June, 1936. The French decrees of

¹ See the *Survey for 1936*, Part V, section (i).

² The Shaykh Al-'Uqbī (see p. 528, above) was arrested on the 8th August under suspicion of complicity in the murder, but the charge against him was not proved.

³ See p. 532, above.

⁴ See p. 530, above.

the 13th and 18th June, dissolving the 'semi-Fascist' Leagues, were applied to Morocco next month by a Sharifial *zahir*. At Rabât on the 27th August the officer commanding the local French forces prohibited the circulation, in the French Zone of Morocco, of two newspapers published in French, one at Casablanca and the other at Algiers. At Casablanca, meanwhile, before the end of June, the local Muslim community had become dangerously excited against the local Jews. And from July 1936 onwards the unsettling effect upon Morocco of the Popular Front régime in France was aggravated by the war in Spain, in which both the Spanish garrison and the Berber population of the Spanish Zone of Morocco played an active and indeed a leading part.¹ In the French Zone the unrest came to a head in November in a demonstration at Casablanca on the 14th and in disorders in the same city, and also at Rabât and at Fez, on the 17th. The authorities retorted by arresting leading members of the Comité d'Action Marocaine and sentencing thirty-seven of them to terms of imprisonment ranging from two years to three months. The prisoners were amnestied, however, in December.

In Paris on the 26th January, 1937, the Minister for the Interior approved a decree ordering the dissolution of 'L'Étoile Nord-Africaine'—a Maghribi Muslim organization which was said to be inspired by subversive 'Rūmī' influences and to aim at breaking the political bonds between the Maghrib and France.² A certain Al-Hājj al-Masālī was arrested in August and was brought to trial at Algiers on the 2nd November on a charge of having reconstituted the banned organization under the *alias* of a 'Parti du Peuple Algérien'. On the 4th November, 1937, he was convicted and sentenced to two years' imprisonment with suspension of civil rights, and this judgment was confirmed, on appeal, on the 14th January, 1938.

In Algeria in 1937 the storm-centre was the department of Oran; the causes of disturbance were primarily economic; the example was set by the European-descended element in the local population; and this 'Rūmī' lead was followed by the native Muslim element—which had been reduced, as has been mentioned above,³ to the condition of

¹ See vol. ii, p. 42.

² For the historical rôle of 'L'Étoile Nord-Africaine' as a middle term between French Communism and Maghribi Nationalism and Islamism, see p. 503, n. 3, above. The dissolution of the 'Étoile' was desired by the French Communists and Socialists, for fear that, among the Maghribi workers in European France, it might act as a counter-attraction to the French trades unions. The slightness of the protest which the dissolution of this organization evoked among the Algerian Muslims perhaps indicated that the desire for a political separation from France was neither strongly felt nor widely diffused among the French subjects of this category.

³ See p. 493.

an agricultural proletariat by the density and the effectiveness of the European colonization of this Algerian district.

A general strike declared by the Oranian branch of the French Confédération Générale du Travail began on the 23rd January, 1937, and although the strike was called off at the end of the month, it proved more difficult to persuade the Muslim than the Frankish workers to return to work. In the last week of February there were brawls between rival political parties, in which Muslims as well as Franks took part, at Perrégaux and at Sidi-Bel-Abbès, and there was a similar disturbance at Tiaret on the 12th April. On the 1st March, near Sidi-Bel-Abbès, Muslim agricultural labourers, supported by peasants from the surrounding *duwvār*, made a demonstration demanding an increase in wages; and at Sidi-Bel-Abbès itself there was a demonstration by local Muslim strikers on the 16th March. On the 10th April there was a brawl between local Muslims and imported Moroccan workmen near Mostaganem, and on the 14th there was an affray between agricultural workers on strike and their employers in the commune of Abdelys. There was a further disturbance near Sidi-Bel-Abbès on the 30th October; and at Tlemcen on the 15th December arrests of Muslims were followed by the closing of all Muslim shops and a demonstration in which some four thousand people took part.

At Algiers there were political disturbances, involving sixty-four casualties, on the 19th September, 1937; and on the 4th October a French official was assaulted and wounded by two Muslims. On the 30th October there were disorders near Saint-Arnaud in the Department of Constantine.

In Morocco there was an outbreak of strikes in January 1937, following upon activities of the French Confédération Générale du Travail in extending their organization to Moroccan Muslim labour. The building trade, the phosphate industry, and the transport, postal and newspaper services were among the businesses affected. At Wazzān on the 6th March there was a Muslim demonstration to protest against certain municipal taxes and to demand relief in kind for the local artisans. At Rabāt on the 19th March the Government published a decree dissolving the Comité d'Action Marocaine; and in the course of the year repressive action was taken against a number of organs of the local Press, both Frankish and Muslim (some of the Muslim papers concerned being published in French and others in Arabic).

The situation in Morocco suddenly took a turn for the worse in September. The trouble began at Miknās over the re-allocation, for irrigational use, of the waters of a stream. The grievances were, first,

that an administrative function which had hitherto been in the hands of the Islamic ecclesiastical authorities was now taken over by the secular Department of Public Works ; second, that the new allocation was prejudicial to the interests of the Muslim proprietors of some large gardens ; and, third, that about a tenth of the total water supply in question was now assigned to two French colonists. On the 1st-2nd September, 1937, there were riots at Miknās, and when, after the restoration of order here, the authorities proceeded to make arrests, Nationalist demonstrations were made, by way of protest, at Fez, Rabāt, Salé, Casablanca, Wajda (Oudjda) and Marrākish. On the 11th September General Noguès, who had been appointed Resident-General in Morocco on the 8th September, 1936,¹ and who had exerted himself, during the intervening twelve months, to treat the Young Moroccan Nationalists with consideration,² arrived at Miknās to inquire personally into the local grievances. At the same time he ordered the adjournment, *sine die*, of a Congress of Maghribī students which was to have opened at Rabāt on the 15th September. At Marrākish on the 25th September General Noguès and the Under-Secretary of State for Public Works in France, Monsieur Ramadier, were received with hostile demonstrations by some two or three thousand Muslims.³ On the 26th the qā'id of Tall Manzal was clubbed and stabbed as he was driving his car through a gorge near Fez ; on the same day some sixty persons were sentenced at Marrākish—the ringleaders to internment in the inhospitable South ; and during the night the horses of the Acting Commandant, General de Roches, were killed in their stables at Marrākish. There was another demonstration at Fez when some twenty persons were arrested in the village of Tarnaghah on suspicion of complicity in the attack on the qā'id of Tall Manzal.

A second bout of unrest started on the 22nd October at Khamisāh, where a demonstration was organized by a party of Nationalist emissaries from Fez. There were serious disturbances at Qunaytirah on the same day, and during the next few days there were disorders at Casablanca, Port Lyautey, Rabāt and Salé. The French authorities arrested four prominent Nationalists at Fez and Rabāt on the 25th

¹ General Noguès had succeeded Monsieur Peyrouton, who had been transferred to Morocco from Tunisia but had been no more popular at Rabāt than he had been at Marsā.

² For example, as early as October 1936 he had ordered the release of some young men who had been arrested as a sequel to disturbances in Fez ; and he had subsequently authorized the publication of native newspapers in Arabic.

³ On the French side it was averred that the demonstrators had been mobilized by the Nationalists under the misapprehension that they were to receive a *largesse* at the Resident-General's hands!

October and three more on the 27th; and on the 28th Muhammad Diuri,¹ the leader of the outbreak at Port Lyautey, was sentenced to two years' imprisonment. On the 28th likewise the Grand Vizier of the *Makhzan* ordered all pashas and qā'ids in the French Zone of Morocco to take measures for preventing mosques from being used as centres of political agitation.

While unrest was now rife throughout the country, the critical point was the Madinah—that is to say, 'the City' *par excellence*—at Fez. In virtue of containing the university-mosque of Al-Qarawīyīn, the Madinah was sacrosanct in the eyes of Maghribī Muslims; and the French had hitherto always tactfully refrained from occupying it with their own troops and police, leaving the task of maintaining law and order there to the local Pasha of the Sharif. Under the stress of the Nationalist agitation in the autumn of 1937 the officers of the *Makhzan* had proved unequal to their task and had been forced to evacuate the Madinah; the Nationalists had entered into undisputed possession of its famous mosques and labyrinthine alleys; and their occupation of this spiritual and physical fortress in the heart of the French Zone of Morocco was perhaps, in its way, almost as serious a menace to the French hold upon Morocco as had been the invasion of the valley of the Wargha by 'Abdu'l-Karīm's Rifī warriors twelve years back.² The French military authorities decided to grasp the nettle; and towards the end of October 1937, for the first time since the declaration of the French protectorate over Morocco, the Madinah was gradually and cautiously occupied by French forces. The occupation was completed on the afternoon of the 29th, while the Faithful were at prayers. When the rest came out, some seven hundred Nationalists remained in Al-Qarawīyīn mosque to listen to the preaching of a jihād against the French. Meanwhile, the mosque was surrounded by soldiers of the Foreign Legion, assisted by three bands of Berber highlanders whom the French authorities had brought down for the purpose; all doors but one were blocked; and, when the sermon was over, three hundred of the seven hundred were arrested as they issued from the only remaining exit. At the same time a Fāsī Nationalist leader, Hasanu'l-Wazzānī, was arrested by the Pasha, and a cordon was established along the Moroccan-Algerian border to prevent the infiltration into Morocco of political agitators from the two sister countries. Eighty-five of the prisoners from the Qarawīyīn Mosque were sentenced to one month's imprisonment, which they

¹ Muhammad Diuri's brother, though not Muhammad himself, appears to have been an Italian protected person.

² See the *Survey for 1925*, vol. i, pp. 134 *seqq.*

spent in working on the roads. On the 30th October General Noguès visited the Madinah and addressed the notables. At Casablanca on the 6th November sixty-two persons were condemned to terms of imprisonment ranging from two years to three months.

Therewith the Moroccan disorders of the autumn of 1937 came to an end as abruptly as they had begun.

In Tunisia, in the meantime, the Dustūrī leader, Shaykh 'Abdu'l-'Azīzu 'th-Tha'ālībī, had returned home in triumph on the 8th July after an exile which had lasted fourteen years.¹ The veteran's re-entry into the Tunisian political arena widened the gulf between Dustūr and Neo-Dustūr, and on the 25th September, at Mateur, there was a clash between the two factions which resulted in twenty-one casualties (one of them fatal) and about a hundred arrests. On the 20th November a one-day general strike, which had been organized by the Neo-Dustūr as a demonstration of sympathy with the Algerian and Moroccan Nationalists, took place throughout the country but passed off without incident.

Such disturbances as did occur in Tunisia in 1937 were mostly labour troubles with a certain infusion of political feeling. It was not until after the turn of the calendar year that Tunisia was again the scene of any serious political incidents.

At Bizerta (*Arabice* Banzart) on the 6th January, 1938, there was a clash between the police and a crowd of demonstrators involving six fatal casualties. On the 7th April, following the arrest of eleven Neo-Dusturian leaders, there were demonstrations at the Beylical Palace of Hammāmlif and on the island of Jarbah; and on the 9th there was a serious outbreak at Tunis. Thereupon martial law was proclaimed throughout Tunisia, and an *arrêté* dissolving the Neo-Dustūr was published on the 15th. There were fifty-one more arrests on the 19th April, and between the 16th and the 21st sentences ranging from fines of 100 francs to imprisonment for five years were passed on seventy persons, eight of whom were Italian subjects. At the time of writing in May 1938 the arrests and trials were still in progress, and it had been announced that a concentration camp, to accommodate four hundred persons, was being prepared in Tunis in the Quartier Foch.

A comparison of this survey of the unrest in French North-West Africa during the six years ending in the spring of 1938 with the record of contemporary events in Palestine will show that the loss of life, destruction of property, exacerbation of feeling and repression of liberties in the vast French possessions and protectorates extending

¹ See p. 501, above.

from Sfax to Rabāt were all of a far smaller order of magnitude than the corresponding evils that were inflicted and suffered during the same period of time in the tiny territory under British Mandate at the Levantine end of the Mediterranean. At the same time, it will be noticed that there was a marked similarity between the wars on two fronts—against Jewry and simultaneously against a European Power—that were being waged at this time by Arab Nationalists in Palestine and in the Maghrib respectively.¹ It will also be observed that the troubles in Palestine, besides being contemporaneous with those in the Maghrib, were one among several causes to which the origin of these troubles in the Far West of the Islamic World could be traced.² In consequence of their alike disturbed—albeit far from equally unhappy—political and economic condition, the Maghrib and Palestine both furnished fuel for an international focus of inflammation which had made its appearance in the Basin of the Mediterranean since the autumn of 1935.

(f) THE CO-ORDINATION OF FRENCH POLICY

The troubles, recorded above, in the French dominions in North-West Africa were intimately connected with a growing sense of solidarity among the several communities of Maghribī Muslims, on whom the French conquest had conferred a measure of political unity which the Maghrib had never known since the break-up, in the thirteenth century of the Christian Era, of an empire, extending from Andalusia to Tripolitania, which had been constructed by the Muwahhid ('Unitarian') Islamic Puritans with the force of Berber arms from the highlands of the Atlas. Physically the Maghrib was knit together with an unprecedented closeness in an age when it was possible to talk over the telephone between Tunis and Rabāt and to travel by railway from Gabes to Marrākish without a break in the rails.³ But, in endowing the Maghrib with this efficient system of physical means of communication for the military, administrative and economic convenience of France, the French had not been concerned to bring their Maghribī subjects into spiritual contact with one another. So far from that, they were inclined to deplore such incidental results of French activity in opening North-West Africa up, for fear of seeing the French policy of assimilation obstructed.

¹ The anti-Jewish element in Maghribī Nationalism was less strongly pronounced in Tunisia and Morocco than it was in Algeria, where the Jews were identified with the French in Arab minds owing to the possession, by the Algerian Jews, of the French citizenship (see p. 496, above).

² See pp. 501-2, above.

³ The last of the missing links in this *réseau* had been constructed in 1934.

While Tunis, Algiers and Rabât might be linked together physically by rail and telephone, the French intention was that they should have as little intercourse with one another as possible on the spiritual plane along any roads that did not pass through Paris. The aim of French policy was, not to bring Tunisia, Algeria and Morocco into closer union with one another, but to absorb each territory—along its own lines and at its own pace—into the French body politic and social. Accordingly, the outbreak of unrest, during the period under review, from end to end of French North-West Africa confronted French statesmanship with a dilemma. On the one hand, the French authorities found themselves at a disadvantage in trying to deal independently in each territory with a more and more closely co-ordinated Maghribī Muslim Nationalist opposition. On the other hand, the French were afraid lest, in co-ordinating their own counter-measures, they might be promoting that very solidarity among their Maghribī Muslim subjects which they were anxious to discourage.

When the troubles in French North-West Africa broke out, the only authorities, even in Paris, that had power to deal with North-West Africa as a whole were the secretariats of the Prime Minister and the President of the Republic. Below that exalted altitude there was no administrative unity; for the Governor-General of Algeria and the Prefects of the three Algerian departments of metropolitan France were in the province of the Ministry of the Interior, while the Residents-General in Tunisia and Morocco were under the surveillance of the Ministry of Foreign Affairs, and the Army was controlled from the Ministry of War. The first essay in co-ordination was the institution, at Marshal Lyautey's instance, of an annual inter-territorial conference between the three French proconsuls in North-West Africa (the Governor-General of Algeria and the Residents-General in the two protectorates). The conference duly met in 1923 and 1924, and then again—after an interruption on account of the Rifi War—in 1926;¹ and thereafter there were further meetings at Algiers on the 7th–10th May, 1927, at Rabât on the 4th–7th July, 1928, at Algiers again on the 2nd–4th July, 1930, and at Tunis on the 1st–3rd June, 1931. This inter-territorial conference was, however, a sickly plant, and it withered and died on the eve of the crisis.² The subsequent French experiments in co-ordination were all centred on Paris and not on the Maghrib itself. The first of these latter experiments—

¹ See the *Survey for 1925*, vol. i, pp. 104–5.

² For the cause and course of its demise, see R. Montagne: 'Comment organiser politiquement l'Empire Français' in *Politique Étrangère*, 3^e Année, No. 2, April 1938, pp. 161–4.

which only lasted from the 30th January to the 9th February, 1934 was a passing transformation of the Ministry of the Colonies into a 'Ministry of France Overseas' which took over from the Ministry of Foreign Affairs the control over the protectorates. This temporary rearrangement did not bring any advance towards unity as far as the Maghrib was concerned, since Algeria remained in the province of the Ministry of the Interior.¹ Thereafter, the outbreak at Constantine in August 1934² reawakened to active life in Paris a Commission Interministérielle des Affaires Musulmanes which had been in existence since 1911. On the 18th February, 1935, the Prime Minister of the day, Monsieur Flandin, set up a Haut-Comité Méditerranéen, with functions of research and co-ordination, and with a field which included not only the three French dominions in the Maghrib, but also the French mandated territories in the Levant. Under Monsieur Blum's administration the powers of this new committee were increased by a decree of the 14th April, 1937, and the Commission Interministérielle des Affaires Musulmanes was replaced by a Commission d'Études within the Haut-Comité's framework. The next experiment was initiated on the 2nd October, 1937, when, on the joint proposal of the Ministers for the Interior and for Foreign Affairs, the French Cabinet commissioned a Minister without portfolio, Monsieur Albert Sarraut, to co-ordinate the administration of the three North-West African territories. On the 20th October this Cabinet decision was confirmed by a Presidential decree.³ On the 29th October Monsieur Sarraut set up a co-ordination committee to assist him, and the three French proconsuls in North-West Africa were specially summoned to Paris to take part in the initial meetings. Thereafter, on the 23rd and 27th November, Monsieur Sarraut laid his plans before the Cabinet and obtained his colleagues' approval. On the 18th January, 1938, Monsieur Sarraut's hands were further strengthened by his appointment to the Ministry of the Interior, which gave him the direct control over Algeria in addition to his co-ordinating powers over all three territories. After the formation of

¹ As soon as the new Ministry had been established in Paris, the Deputies and Senators of Algeria waited on the Prime Minister and exacted from him a promise that, as far as Algeria was concerned, the existing constitutional and administrative position should be preserved intact. A fresh attempt to co-ordinate the administration of the three North-West African dominions of France, which was made by Monsieur Blum at the time of his assumption of office in June 1936, was likewise defeated by opposition from the same quarter (Montagne, 'Comment organiser politiquement l'Empire Français', pp. 166-7).

² See p. 531, above.

³ Texts of this decree, and of the Prime Minister's foregoing report to the President, in *Le Temps*, 21st October, 1937.

a new Ministry by Monsieur Daladier on the 10th April, 1938, the task of co-ordinating North-West African affairs was transferred, before the end of April, from Monsieur Sarraut's hands to Monsieur Chautemps's—though Monsieur Sarraut still remained directly responsible for Algerian affairs in his capacity as Minister for the Interior.

(ii) The Administration of the British Mandate for Palestine, 1937

By H. Beeley

(a) REACTIONS TO THE REPORT OF THE ROYAL COMMISSION

The outstanding event in the history of Palestine during 1937 was the publication, on the 7th July, of the Peel Commission's Report. It was found desirable to append a brief analysis of its conclusions and recommendations to the account of the Arab rising of 1936 which appeared in the preceding volume of this *Survey*,¹ and it is unnecessary to recapitulate here the details of the proposed partition of Palestine into three separate political units—a Jewish state in the north and west, a permanent British Mandate over the Holy Places with a corridor from Jerusalem to the sea, and an Arab state formed by the union of the rest of the country with Transjordan. The natural starting-point of the present chapter is the reaction to this proposal, first of the two peoples represented in Palestine and then of the two authorities to which the Mandatory Government were responsible, the British Parliament and the League of Nations.

The Jewish attitude was authoritatively defined in the resolutions of the twentieth Zionist Congress, which assembled at Zürich on the 3rd August, 1937, and of the fifth biennial Council of the Jewish Agency, which followed it on the 18th. These resolutions were neither the expression of an undivided opinion nor the work of a victorious majority; rather did they represent a determination to maintain, in difficult circumstances, as closely united a front as possible. The suggestion that the Jewish people should exchange the promise of a National Home in Palestine for the establishment of a Jewish state in a part of it had a disjunctive effect on the component elements of both the Zionist Organization and the Jewish Agency, revealing latent divergencies beneath the common will to co-operate in building up the community in Palestine. In paradoxical alliance against partition were the assimilated Jews of America, afraid of the effect which the existence of a Jewish state might ultimately have on their own status, and the orthodox wing, for whom the willing acceptance of a fraction of Palestine would mean the betrayal of their spiritual traditions. The opposite view, strongest among the persecuted Jews of

¹ The *Survey* for 1936, pp. 742–7.

Eastern and Central Europe, was expressed by a Polish delegate who urged the Congress to 'pay at least as much attention to the grave distress of millions of Jews at the present day as to the traditional aspirations of former Jewish generations'.¹ The decisive consideration for this party was that an independent Jewish Government, even in control of a restricted area, would permit immigration in the near future at a very much faster rate than could be expected of the Mandatory Administration.

These divisions on the main issue did not obscure the unanimity with which organized Jewry denied the contention that the existing Mandate had proved unworkable. And all parties agreed that the specific suggestions made by Lord Peel and his colleagues for the frontiers of the projected Jewish state were unacceptable. The rival policies were the acceptance of these suggestions as a basis for negotiation and the rejection of partition in principle. But although this broad division between partitionist and anti-partitionist appeared in the Congress and the Council alike, it indicated two very different controversies.

The dominant figure at both meetings was Dr. Weizmann. His support in the Zionist Congress came principally from his own group—the General Zionists—and from the Labour Party, which was represented by more than 200 of the 526 delegates. The majority opinion in each of these parties was that the proposal to create a Jewish state in a divided Palestine could only be accurately judged in contrast with such alternatives as seemed likely to be considered by the Mandatory Power. And although Zionists might challenge the Royal Commission's finding that the existing Mandate had broken down, the fact remained that the British Government had endorsed that view. Some modification must therefore be anticipated; and, of the two possibilities discussed in the Report, partition, with its accompanying freedom, was at least less unpalatable than the other. The Commissioners had recommended, in the event of the Government's declining to adopt the policy of partition, a series of alternative measures, and prominent among these was the restriction of Jewish immigration within a maximum limit of 12,000 a year for a period of five years. If the retention of the Mandate would mean its administration in the light of this advice, the alternative which the British Government were offering began to take on a more attractive appearance. It would require emendation before its acceptance

¹ For this and subsequent extracts from speeches at Zürich see the summary of proceedings in *The New Judaea*, August–September 1937, where the texts of the resolutions will also be found.

could be recommended to the Zionist Organization,¹ but it contained the promise both of the avoidance of graver decisions and of certain positive advantages. Dr. Ruppin, addressing the Congress, observed that 'there were 2,000,000 dönüms of land in Palestine upon which as many people could live as in the whole of the remainder of the country'; since this area of high fertility would, according to the Commission's map, lie almost entirely within the Jewish state, it might be possible to absorb as many as 100,000 immigrants a year for twenty years. This figure was accepted by Dr. Weizmann and constituted his most compelling argument.² It was effectively contrasted with the figure of 12,000 a year envisaged by the Commission under a modified Mandate; fifteen years of immigration at this retarded pace would only raise the Jewish proportion from thirty to thirty-five per cent. of the total population. As Mr. Gruenbaum said during the debate, 'the alternative is either a Jewish majority in a Jewish state, or a Jewish minority in an Arab Palestine'. A further potentiality of partition, in the view of Dr. Weizmann and other speakers, was an improvement in the relations between the Jewish and Arab peoples. The establishment of two independent authorities on opposite sides of a political frontier would at least simplify this problem, and might prove the first step towards its solution.³

An important minority remained unconvinced by these arguments. Its outstanding spokesman was the President of the Congress, Mr. Ussishkin, who, thirty-four years before, had helped to persuade a Zionist Congress to reject the offer, made by the British Government of the day, to set aside an East African territory for Jewish colonization.⁴ In 1937 he had a more difficult case, and his following was less

¹ Among the modifications of the proposed frontier suggested by representative Zionists were the inclusion in the Jewish state of the electric power station at Jisru'l-Majami, of the potash plant on the shores of the Dead Sea, of the New City of Jerusalem, and of the thinly populated Negeb. Objection was also taken to other features of the scheme, and in particular to the temporary retention of British control over Haifa.

² An estimate of this kind is necessarily speculative, and Dr. Ruppin's figure was criticized. Mr. A. M. Hyamson, for example, in a letter to *The Times* of the 18th August, 1937, asserted that immigration on this scale into the state envisaged by the Royal Commission would result in a population density of 1,250 to the square mile, as compared with 750 in England and 675 in Belgium.

³ This was also the view of Lord Peel and his colleagues. The Permanent Mandates Commission, in its Report to the League Council in August 1937, wrote that 'if the partition scheme should be applied, its success would depend more on its effects on the relations between Arabs and Jews than on the territorial solution adopted'. (*Minutes of the Thirty-Second (Extraordinary) Session*, p. 229.)

⁴ Dr. Weizmann, it is interesting to remember, had been in the same lobby on that occasion.

homogeneous than Dr. Weizmann's. Apart from dissident members of the larger parties, he was supported by what might be termed the extreme right and the extreme left of the Congress, in unaccustomed and almost fortuitous agreement. On the right, the orthodox delegates of the Mizrachi group and the secular Jewish State Party continued to reject, for their different reasons, any abatement of the historic claims of the Jewish nation. On the left, the Hashomer Hatzair maintained their theory that the underlying division in Palestine—as indeed everywhere—was between the workers and their exploiters; their objection to partition was that it would perpetuate the obscuring of this class division by the more superficial distinction between Arab and Jew. The minority groups felt that the alternatives before the Congress had not been accurately stated by the spokesmen of the majority, and that a determined resistance to all suggestions of retreat from the terms of the Mandate would force the British Government to maintain it unaltered. Beyond that immediate victory they looked forward, each according to its own ideals, to an ultimate settlement more favourable than partition.¹

The resolutions finally submitted to the Zionist Congress, while enabling the majority to carry its policy a stage further, were so drafted that the less uncompromising opponents of partition might conscientiously vote for them. After reaffirming the right of the Jewish people to its homeland, rejecting the assertion that the Mandate had proved unworkable, demanding its fulfilment, and declaring that the scheme of partition put forward by the Royal Commission was unacceptable, they proceeded to the controversial issue:

7. The Congress empowers the Executive to enter into negotiations with a view to ascertaining the precise terms of His Majesty's Government for the proposed establishment of a Jewish State.

8. In such negotiations the Executive shall not commit either itself or the Zionist Organization, but in the event of the emergence of a definite scheme for the establishment of a Jewish State, such scheme shall be brought before a newly elected Congress for consideration and decision.

Submitted as a whole, these resolutions were carried by 300 votes to 158; a number of delegates, particularly in the Labour Party, voted for the motion on the understanding that it did not imply acceptance of the principle of partition. The fear which had been expressed during the debates that the acceptance of partition would split the

¹ See a speech by Dr. Stephen Wise, a leading exponent of the minority view, at the meeting of the Zionist General Council on the 10th March, 1938: 'He was convinced that if Zionists stood together it would still be possible to obtain a Jewish state in an undivided Palestine.' (*The New Judaea*, March-April 1938.)

Zionist Organization was not realized, and when the majority encountered a fresh opposition to their proposals on the Council of the Jewish Agency, Mr. Ussishkin announced that he was unable to vote against the Congress resolutions and would therefore abstain.

The Council of the Jewish Agency, representing non-Zionists as well as Zionists,¹ was also divided over the acceptance of partition as a basis for discussion. But whereas the opposition in the Congress had looked forward to the future creation of a larger Jewish state, the powerful group of American non-Zionists on the Council objected to the whole conception of a Jewish state. Representing the most thoroughly assimilated of the larger Jewish communities, they were reluctant to emphasize the national exclusiveness of Jewry, and they regarded Palestine as primarily a centre of economic, social, and spiritual regeneration for the downtrodden Jews of anti-Semitic Europe. This difference of emphasis had hitherto been concealed behind the mutually acceptable principle of 'a National Home for the Jews'. After the publication of the Report of the Peel Commission the ambiguity of that phrase could no longer be ignored, and Mr. Felix Warburg, speaking for the American group, claimed that 'the non-Zionists always understood that the Jewish state idea would not be pursued by the Jewish Agency'. They believed that the objects for which they were working in Palestine could be achieved without political control, and that the pursuit of political aims by Zionism was robbing the Jewish community of its most essential need, peace with the Arabs. Many of them were prepared to purchase that peace, if it could be purchased, at the price of limiting immigration to an agreed figure for a period of years.

When the Political Committee of the Council of the Jewish Agency adopted the resolutions of the Zionist Congress, the American delegates abstained from voting. An attempt was therefore made, before submitting them to the full Council, to modify them in such a way that, without obscuring the position taken up by the Zionist Congress, they would meet certain of the American objections. This was successfully accomplished by adding to the ninth Congress resolution, which contained a formal affirmation of readiness to negotiate with the Arab population, a positive proposal:

The Council reaffirms the declarations of its previous sessions expressing readiness to reach a peaceful settlement with the Arabs of Palestine based on the free development of both the Jewish and Arab peoples and the mutual recognition of their respective rights. It directs

¹ For the reconstitution of the Jewish Agency in 1929, see the *Survey for 1930*, pp. 245-51.

the Executive to persevere in its efforts to this end, and, with this object in view, to request His Majesty's Government to convene a conference of the Jews and of the Arabs of Palestine with a view to exploring the possibilities of making a peaceful settlement between Jews and Arabs in and for an undivided Palestine on the basis of the Balfour Declaration and the Mandate.

The Executive of the Jewish Agency was thus, as the outcome of the Zürich meetings, entrusted with the twofold task of seeking a settlement of the Palestinian problem without partition, and of negotiating with the Mandatory Power on the terms of partition.¹ The second task could not be carried far until the British Government had received the detailed advice of the Technical Commission which they proposed to appoint. The first was quickly terminated by a letter from the Colonial Office announcing that the Secretary of State did not consider it practicable to convene a conference within the conditions laid down by the resolution.²

Within the Jewish organizations partitionism was clearly in the ascendant, largely because its opponents had no common theoretical basis. But both the Zionist and the non-Zionist opposition drew strength from their contact with bodies of opinion unrepresented at Zürich. The Jewish State Party was not far removed from the Revisionists, who, after the publication of the Congress resolutions, issued a statement declaring that these made it imperative for Jewry to prove that it remained 'faithful to its ideal of a Jewish state on both sides of the Jordan'.³ On the other extreme, the party that was anxious to avoid partition by acquiescing in a bi-national state in Palestine possessed distinguished allies outside the Jewish Agency. Thus Viscount Samuel, speaking in the House of Lords at Westminster on the 20th July, urged the Jews to offer, as their contribution to a compromise with the Arabs in Palestine, the limitation of immigration to such a figure as would keep their numbers within 40 per cent. of the total population for 'a substantial period of years'.⁴

¹ It was the Jewish Agency which, under Article 4 of the Mandate, was the recognized representative of the Jewish interest in Palestine. The Executive conducted all official negotiations with the Mandatory Power, and its composition was therefore of the highest importance. The agreement of 1929 provided that, apart from the Presidency, non-Zionists should have equal representation, but until 1937 they were content to remain a minority. The ratio was then altered from 7-3 to 7-5. Curiously enough, the two additional representatives whom they insisted on electing at the Zürich Council were both members of the Zionist Organization; one of them, however, was an anti-partitionist.

² Letter from Dr. Weizmann, accompanying the *Jewish Agency Memorandum to the League of Nations*, 1937, paragraph 4.

³ Text in *The Manchester Guardian*, 19th August, 1937.

⁴ *Parliamentary Debates: House of Lords*, vol. 106, col. 641.

In a sense this was a policy of *reculer pour mieux sauter*, for its advocates believed that an amicable settlement with the Palestinian Arabs would lead to the opening of other Arab countries to Jewish immigrants. Lord Samuel also looked forward to the formation of an economic federation of Arab states, with bi-national Palestine as its commercial and financial centre.¹

This group, on the extreme flank of the long line of Jewish opinion, was still an appreciable distance from the less dispersed spokesmen of the Arabs. The Arab response to the proposal for partition was uncompromisingly negative, and a series of alternative suggestions was made by their leaders. A feature of most of these projects was the limitation of the Jews in Palestine to a fixed percentage of the population, and they all held out in return the prospect of peaceful penetration into other Arab states.² But they differed from Jewish bi-nationalism at two points; the ratio established between the two populations was to be permanent, and the Mandate was to terminate, so that political control would pass to the Arab majority. It was difficult, indeed, to see what other conclusion could follow from the temporary settlements proposed on the Jewish side, but as an immediate policy it was not attractive even to the most conciliatory of Jewish peacemakers. The fate of the Jewish minorities in Germany, Poland and Rumania, coupled with that of the Assyrians in 'Irāq, provided a decidedly discouraging precedent for the acceptance of minority status under Arab rule. There could be little doubt that Dr. Weizmann spoke for the great majority of politically conscious Jews when he said that

an understanding with the Arabs on the basis of a restricted immigration, depriving the Jewish people of the right to enter Palestine, and making their entry one of sufferance and not of right, violated a basic principle and was unacceptable as long as the last Jew lived.³

There was one further Jewish reaction to the Royal Commission's

¹ Lord Samuel's project, if it were ever realized, would tend to perpetuate in Palestine the economic specialization of European Jewry, whereas the Zionists aimed at a balanced social structure on national lines. The extent to which the economic character of Jewish people was being transformed by the migration to Palestine was revealed in a census of Jewish labour taken by the General Federation of Jewish Labour in March 1937. It was found that of the 104,122 Jews classified as workers 50,105, or 48.2 per cent., were children of traders. (D. Horowitz and R. Hinden: *Economic Survey of Palestine* (Tel-Aviv, 1938, Economic Research Institute of the Jewish Agency for Palestine), p. 185.)

² No concrete offer to accept Jewish immigrants was made by any responsible spokesman of a self-governing Arab state; but they could not reasonably be expected to make definite proposals unless they were admitted to the official negotiations on Palestine.

³ Speech at the Council of the Jewish Agency. (*The New Judaea*, August-September, 1937.)

proposal, difficult to classify because confined, in its public expression at least, to British Jewry, but on the whole implying an acquiescence in partition. This was the revival of the campaign for a Jewish Dominion or Crown Colony within the British Empire. Resolutions calling for a decision on the future of Palestine which would ultimately give the Jewish state a place in the British Commonwealth of Nations were carried by the Zionist Federation of Great Britain on the 3rd January, 1938, and by the Board of Deputies of British Jews on the 16th.

The project of partition was as severe a blow to the hopes of the Arabs as it was to those of the Jews. It was true that the territorial limits now proposed for Jewish penetration would prevent that 'creeping conquest' of the whole country which the Arabs had dreaded before 1936, and that to that extent they might congratulate themselves on the success of their rising. But on the other hand the prospect of Jewish domination was brought into the immediate future for the Arabs of Galilee and the Maritime Plain, and the partial success of the policy of violence was an encouragement to continue resistance. At least the Arab leaders had no inducement to accept partition comparable in potency with the prospect of accelerated immigration into a Jewish state from Central and Eastern Europe. Their attitude was therefore a simpler one of unqualified hostility. It was rumoured that the secession of the leaders of the National Defence Party from the Arab Higher Committee two days before the publication of the Report, ostensibly as a protest against the arbitrary conduct of business by the Mufti of Jerusalem, was in reality a step towards acceptance of the anticipated partition. The Arab area of Palestine was to be united with Transjordan and the new state would presumably be ruled by the Amīr 'Abdu'llāh; in that event it was believed that Rāghib Bey an-Nashāshībī, the leader of the National Defence Party, would be invited to hold high office. If it was the intention of Rāghib Bey and his immediate following to open negotiations on the basis of the Report, they must have found that Arab opinion was too solid for such a course to be practicable. The National Defence Party, in fact, continued to pursue the same policy as the coalition represented on the Higher Committee. The demands of the latter were set forth in a memorandum which it circulated, towards the end of July, to the High Commissioner, the Colonial Secretary and the Permanent Mandates Commission:¹

1. The recognition of the Arabs' right to complete independence in their own lands.

¹ Summary in *The Times*, 26th July, 1937.

2. The cessation of the experiment of a Jewish National Home.
3. The cessation of the British Mandate and the substitution for it of a treaty similar to those with 'Irāq and Egypt, according to which Palestine would be recognized as a sovereign state.
4. The immediate cessation of Jewish immigration and land sales pending the negotiation of such a treaty.

This programme was accompanied by the offer of an undertaking to safeguard the strategic interests of Great Britain and the rights of the Jewish minority. It was an adaptation of the demands made by the Arab leaders in November 1935¹ to the new situation created by the desire of the Mandatory Power to reach a permanent settlement in the near future. It met with the approval of all Arab parties in Palestine, and of Arab opinion elsewhere.

Arab nationalism, like Zionism, did not stop at the frontiers of Palestine. Two days after the publication of the Royal Commission's recommendations the Arab Higher Committee sent an appeal for support and advice to the three Arab rulers at whose request they had called off the strike in the previous October,² to the Imām of the Yaman, the King of Egypt, the Presidents of the Syrian and Lebanese Republics, and the Muslim communities in India, Tunisia and Morocco. Of the three rulers already implicated in the affairs of Palestine, the Amīr 'Abdu'llāh and King 'Abdu'l-'Azīz sent replies which were cautious to the point of obscurity. From 'Irāq, on the other hand, the response was unhesitating; the Prime Minister, Sayyid Hikmat Sulaymān, in a statement to the Press, called upon the Arab peoples to defend the rights of the Arabs in Palestine, and in condemning the proposal to create an Arab state without Galilee or the Maritime Plain conveyed an unambiguous threat to the Amīr of Transjordan:

Any person venturing to agree to act as head of such a state would be regarded as an outcast throughout the Arab world, and would incur the wrath of Muslims all over the East. I declare, both as head of an Arab Government and as a private citizen, that I should always oppose any individual ready to stab the Arab race to the heart in order to secure the rulership of the proposed new state.³

'Irāqī concern over the fate of Palestine, and especially of Haifa, was no doubt increased by the developing economic links between the two countries—the oil-pipe line from Kirkūk, the motor-way across

¹ See the *Survey for 1936*, p. 722. Before issuing the revised programme on its own initiative the Higher Committee had attempted to convene a conference of local committees, but this had been prohibited by the Government.

² King 'Abdu'l-'Azīz Ibn Sa'ūd, King Ghāzi of 'Irāq and the Amīr 'Abdu'llāh of Transjordan. (See the *Survey for 1936*, pp. 739–40.)

³ *The Times*, 14th July, 1937.

the desert from Baghdad, and the free zone in Haifa harbour allotted to the transit trade from 'Irāq by a commercial agreement which had been concluded in December 1936.¹ Whatever their motives, it was evident that the 'Irāqī Government were eager to assume the leadership of the anti-Zionist movement in the Arabic-speaking world. On the 30th July a note was despatched from Baghdad to the Secretary-General of the League, for communication to the Council. After recalling that the Arab strike of 1936 had been called off in response to appeals from King Ghāzi and other Arab rulers, and declaring that those appeals had been based on a belief in the good intentions of Great Britain, it proceeded to a protest against partition and the recommendation of an alternative policy along the lines suggested by the Arab Higher Committee.²

It was an ex-Premier of 'Irāq, Nāji Suwaydī, who presided over the Pan-Arab Congress held at Blūdān, in Syria, from the 8th to the 10th September. Organized by the Syrian Committee for the Defence of Palestine as a counterblast to the Zionist Congress of the previous month, it attracted 119 members from Palestine, 35 from Transjordan, 75 from Syria, 60 from the Lebanon, 13 from 'Irāq, 4 from Egypt and 1 from the Hijāz. These were either delegates from the branches of Islamic societies and Arab political parties, or private persons invited by the organizers. No Government was officially represented, but the presence of an Orthodox Metropolitan emphasized the growing unity of Arab national feeling. Resolutions were adopted proclaiming Palestine to be an inseparable part of the Arab territories, demanding the cessation of Jewish immigration and the negotiation of a treaty on the lines of that concluded between Great Britain and 'Irāq, and making the adoption of this policy a condition for the maintenance of friendly relations between the Arab peoples and the British Empire. 'If British policy remained unchanged,' said the President in his opening speech, 'the Arabs must and should seek a new alliance to protect their rights.' This reference to the possible bearing of Arab politics on the Anglo-Italian rivalry in the Eastern Mediterranean and the Red Sea was underlined in the following month by anti-Zionist manifestoes—originating perhaps in Rome—from the 'ulamā of Libya and Ethiopia.

¹ By an exchange of notes of the 14th December, 1936, between the Governments of 'Irāq and of Great Britain.

² Summary in *The Times*, 4th August, 1937. Jewish immigration was to be so regulated as to maintain the existing ratio between the populations. This provision was repeated in the manifesto with which the National Defence Party justified its refusal to give evidence before the Technical Commission in April 1938.

At its closing session the Blūdān Conference further illustrated the eclecticism with which Pan-Arabism was prepared to choose its allies by sending telegrams to Fawziū'd-Dīn al-Kāwakjī ('the Arab Garibaldi'),¹ to Pandit Jawaharlal Nehru, who had addressed a demonstration at Allahabad on the 3rd September, observed in India as Palestine Day, and to the Pope, who was requested to intervene at Geneva.²

The brief meeting at Blūdān was the climax of an agitation whose ripples spread, with diminishing force as they crossed the deserts of North Africa and Arabia, to the farthest horizons of the Arab World³ and beyond it into Muslim India. Already, before the conference assembled, the threatened amputation of a part of Palestine from the visionary Arab Federation had evoked a note from the Syrian Government to the French High Commissioner, expressing the unanimous condemnation of partition by all parties in Syria; mass demonstrations in Baghdad; a one-day strike in the Holy Cities of Arabia; a protest from the 'Muslim Youth' of Tunis to the British Consul; numerous demonstrations in India; and a declaration against partition by the President of the All-India Muslim League. Nor did the movement subside after the conference had dispersed. The Mandatory Administration found it necessary, on several occasions, to prohibit the entry of newspapers from Syria, the Lebanon, Egypt, and 'Irāq. And the arrival of the Technical Commission in April 1938, with the task of defining the frontiers of the projected Jewish state, provoked fresh explosions of anti-British feeling in each of the neighbouring Arab countries. It was also reported that representations had been made to London by the Foreign Ministers of Sa'ūdī Arabia and the Yaman.⁴

The Arab Governments, though they were probably in sympathy with the popular agitation, had to relate their sympathy to other issues, and their attitude was at first cautious. The notable exception, apart from a Syrian Government that was still shielded from the full consequences of its actions by the expiring French Mandate, was 'Irāq. Elsewhere, and particularly in Egypt, the agitation largely took the form of pressure on the Governments to express the feelings of their subjects by some form of diplomatic intervention.

¹ See the *Survey for 1936*, pp. 727-8; 738, 740.

² An account of the conference at Blūdān will be found in an article on 'Pan-Arabism and the Palestine Problem', by R. G. Woolbert, in *Foreign Affairs: An American Quarterly Review*, January 1938.

³ For the political effect of the conflict in Palestine on the French dominions and protectorates in North-West Africa see the present volume, section (i) of this part.

⁴ *Palestine and Transjordan*, 7th May, 1938.

Thus the speech made in the League of Nations Assembly on the 18th September by Wāsif Butros Ghāli Pasha may have been intended as much to satisfy Egyptian opinion as to impress Great Britain and the other member states. The Egyptian Foreign Minister asserted that partition was contrary both to the war-time promises of Great Britain to the Arabs, and to Article 22 of the League Covenant, upon which the Mandate depended. He also argued that it would complicate instead of solving the general problem of Arab-Jewish relationships in the Middle East, and that it would have a very limited effect on the position of the persecuted Jews of Europe.¹ His speech concluded with a recommendation, in essentials, of the Palestine Higher Committee's policy.

The latest official declaration, at the time of writing, from the Arab side, was a plan submitted to the Technical Commission on the 23rd May, 1938, by the Amīr 'Abdu'llāh. While reproducing the main features of the familiar Arab plan—an undivided sovereign state with an Arab majority, a guaranteed status for the Jews and a military agreement with Great Britain—it contained certain modifications which, without making it appreciably more acceptable to Jewish opinion, led to its condemnation in the Arabic Press. There was to be autonomous administration in the Jewish areas, a reasonable volume of immigration was to be permitted into those parts of the country, and the Jews were to have proportional representation in the Legislature and members in the Cabinet. This régime was to continue for ten years, under mandatory supervision, and the last two years were to be spent in drawing up a treaty for the termination of the Mandate. If by that time the Jews had shown a willingness to co-operate as citizens of a predominantly Arab state, they might be allowed to spread beyond their autonomous cantons into other parts of Palestine and Transjordan. Although this scheme was denounced by Arab journalists as 'a miniature partition', and although it did not contain so rigid a limitation of Jewish immigration as former

¹ The necessity of separating the two problems of Jewish persecution in Europe and the future of Palestine was again emphasized, on the Sixth Committee five days later, by the delegates of 'Irāq and Irān. This aspect of their argument met with general agreement. Anti-Semitism had been a comparatively unimportant phenomenon in Europe when the Mandate was drafted, and nobody then envisaged the later pressure of refugees on Palestine. Zionists recognized that even the whole country would not be large enough to absorb the Jews of Germany, Rumania and Poland, and some interest was taken in suggestions for alternative outlets. The Polish Government's inquiry into the possibilities of settlement in Madagascar, however, aroused little enthusiasm. It was unreasonable to imagine that organized Jewry would divert any appreciable amount of energy and capital from Palestine.

Arab projects, there was little in it to attract Jewish support. It served merely to illustrate the width of the gulf between the two peoples, and the extent to which the Arab ruler who was believed to have been most favourable to the proposals of the Royal Commission had been driven towards the intransigent party by the pressure of opinion.

It was against this background of disciplined indecision on the Jewish side, and unco-ordinated but unanimous hostility among the Arabs, that the British Government proceeded to act on their view that 'a scheme of partition on the general lines recommended by the Commission represents the best and most hopeful solution of the deadlock'.¹ The first step was to seek the approval of Parliament. The debates which took place in the House of Lords on the 20th July, 1937, and in both Houses on the 21st revealed considerable opposition in all parties both to the substance of the Report and to the haste with which the Government had endorsed it. When it became clear that the motion approving the Government's statement of policy could only be carried against a substantial minority in the Commons, the Colonial Secretary accepted an amendment which, while avoiding the weakness that such a division would have introduced into his position at Geneva, enabled the House to reserve its judgment not only, as the Government had done, on the specific suggestions in the Report, but also on the wisdom of partition as a general principle. Thus the House of Commons, without dividing, finally resolved

that the proposals contained in Command Paper No. 5513 relating to Palestine should be brought before the League of Nations with a view to enabling His Majesty's Government, after adequate inquiry, to present to Parliament a definite scheme taking into account all the recommendations of the Command Paper.

An aspect of the Report which attracted more attention in the parliamentary debates at Westminster than in either Jewish or Arab criticism was its strategic implications. It was pointed out that nearly every Jewish town and village would, if the Commissioners' frontier was adopted, be exposed to the gunfire of a potential enemy in the hills of Judaea.² But it was the Imperial rather than the local

¹ Statement of Policy issued simultaneously with the Report of the Royal Commission (*Cmd.* 5513 of 1937), paragraph 3.

² A discussion of this point will be found in J. A. Malcolm: *Partition in Palestine: Suggested Alterations in Proposed Frontiers* (London, 1938, Apollo Press). Mr. Malcolm suggested that the Valley of Jezreel should be protected by pushing the Jewish frontier south to the crest of Mount Gilboa, and that the road from Affula to Hadera, connecting the Plain of Esdraelon with the

situation that caused anxiety to the military critics, and in particular the future of Haifa, for which the Report had envisaged only a temporary prolongation of the British Mandate. As the terminus of the oil-pipe line, as a first-class naval harbour, as a growing centre of commerce and communications for a hinterland stretching eastwards into Īrān, Haifa was an asset of the highest importance. The anxiety of strategically minded members, however, was to some extent allayed when the Secretary of State for Air declared that 'he thought Haifa was a case where judgment must be suspended'.¹

The Mandatory Power had next to approach the Council of the League of Nations for authority to prepare a scheme for terminating the Mandate over the greater part of Palestine and establishing two independent states. On the 6th July His Majesty's Government informed the Secretary-General that they proposed to raise this question at the September meeting. The President of the Council, after consulting his colleagues, thereupon requested the Permanent Mandates Commission to present a preliminary opinion on the proposals of the British Government. It had already been agreed that the Commission should hold its postponed meeting on Palestine at the end of July. At its twenty-ninth session in June 1936 it had suspended its examination of the Mandatory Power's Report for 1935 in view of the bearing of that document on the disturbances which were still in progress. At its thirty-second (extraordinary) session, therefore, which opened on the 30th July, 1937, and was devoted entirely to Palestine, the Permanent Mandates Commission had before it the annual reports for 1935 and 1936 as well as the Peel Commission's Report and a large number of petitions. Mr. Ormsby-Gore was present at eleven meetings, and in private the members received

Maritime Plain, should be brought well within the Jewish state. Among his other proposals were the inclusion in the Jewish State of Baysān and the neighbouring bridge across the Jordan, the extension of its southern district to the Egyptian frontier and into the foothills, and the retention of the Negeb by Great Britain. The Arab state would thus be separated by Jewish and British territory from the Egyptian frontier.

¹ *Parliamentary Debates: House of Lords*, vol. 106, col. 817. The Secretary of State for the Colonies, on the other hand, had apparently endorsed, in private conversation with Dr. Weizmann, the proposal to transfer Haifa to Jewish sovereignty after an interim period. A report of this conversation, copied from *The Jewish Chronicle* by certain London newspapers on the 18th August, was unauthorized by either participant but was not denied. It was the leakage of this confidential document that occasioned the trial of Mr. M. Grossman, the leader of the Jewish State Party, by the Court of the Zionist Congress on the 11th January, 1938; he was deprived for two years of the right to sit on the General Council. The document, which was in no way extraordinary in itself, quoted Mr. Ormsby-Gore as remarking that 'the Admirals had been after him with regard to Haifa'.

Jewish and Arab delegations.¹ It was not until the 18th August that the Commission finally adopted its report to the Council.

The Permanent Mandates Commission, while not uncritical of the contention that the causes of the break-down of 1936 lay rather in the obligations of the Mandate itself than in the manner of their fulfilment, was convinced that it could not now be resuscitated in its original form:

The present Mandate became almost unworkable once it was publicly declared to be so by a British Royal Commission, speaking with the twofold authority conferred on it by its impartiality and its unanimity, and by the Government of the Mandatory Power itself. . . . The Commission therefore considers that it is worth continuing the examination of the advantages and drawbacks of a new territorial solution. It appears quite natural and legitimate that the mandatory Power, rightly anxious to give satisfaction to the conflicting aspirations of Arabs and Jews in Palestine, and having failed to do so by the institution of a common administration for the whole territory, should be empowered to contemplate in some form or other the establishment of a régime in which these aspirations would each be satisfied in a part of the territory.²

This general approval of the Mandatory Power's intentions was, however, made subject to an important qualification. The recommendations of the Royal Commission had included, as an immediate consequence of partition, the withdrawal of the mandatory authority from the areas assigned to the Arabs and the Jews. The Permanent Mandates Commission, on the other hand, declared itself opposed to the immediate concession of independence to either a Jewish state or a union of Transjordan and Arab Palestine. It maintained that it was doubtful whether either state would be in a position at the outset to give those guarantees of stable and progressive administration which had been defined in 1931 as conditions for the termination of a Mandate.³ The considerations on which this opinion was based are to be found in the record of the exchange of views between the members of the Commission.⁴ It was pointed out that the leaders who would presumably form the Government of the Jewish state had been associated only to a very limited extent with the administration of the Mandate, and that they had no experience of the type

¹ The Governments of 'Irāq, Poland, Greece and Latvia requested that they might send observers to the meetings of the Commission. This was refused as contrary to the rule of privacy.

² Permanent Mandates Commission: *Minutes of the Thirty-Second (Extraordinary) Session*, p. 229.

³ See Permanent Mandates Commission: *Minutes of the Twentieth Session*, p. 228.

⁴ Permanent Mandates Commission: *Minutes of the Thirty-Second (Extraordinary) Session*, pp. 192-204.

of problem which would arise, in the first years after partition, from the existence within their frontiers of an Arab population almost as large as the Jewish. The importance of that problem would doubtless be reduced by the projected transfer of population,¹ but that in turn would be likely to embitter the relations between the new state and its Arab neighbour. Both states, in any case, would find their early development hampered by the atmosphere of inter-racial tension in which their independent lives would begin. On the eastern side of the frontier the difficulties would be primarily financial, as the Royal Commission had itself recognized in proposing both British and Jewish subventions to the Arab state. After reflection on these probabilities the Permanent Mandates Commission concluded that a further period of probation, this time in the conditions created by partition, would be necessary to the future well-being of the two states. It was certainly illogical to bring a period of training to an end at the moment when the conditions for which it had been designed were being drastically revised.

The new apprenticeship might be served in one of two ways. In either case the first step would be the determination of the permanent frontiers. Thereafter it might be found desirable to concede a large measure of cantonal autonomy—including the control of immigration—to the two areas, while conferring on a federal authority presided over by the Mandatory Power the responsibility for such matters as defence and tariff policy. Or it might be preferable to make an immediate and total separation between the two areas, and to place each under a Mandate until it had given proof of its capacity for self-government. The proper moment for the withdrawal of mandatory control would not necessarily be the same for both states.

The preliminary opinion of the Permanent Mandates Commission was thus favourable to both partition and emancipation, with the proviso that there should be an interval between the two acts. It was in the light of this expert advice that the Council of the League listened, on the 14th September, to Mr. Eden's request for authority to work out the details of a scheme of partition.

All I ask at this stage [he said] is that His Majesty's Government

¹ The Royal Commission had envisaged, in the last resort, a compulsory transfer of Arabs from the Jewish state. But Mr. Ormsby-Gore, speaking before the Permanent Mandates Commission, said that 'he was not prepared to commit himself there and then to the principle of eventual compulsion. Compulsion presupposed a long period of trial of voluntary transfer, and a reference back to the League. Neither the League nor the United Kingdom Government should be asked to commit itself at the present stage to the principle of compulsory transfer'. (*Minutes*, p. 26.)

shall be given authority to proceed forthwith to work out the details of such a scheme, if possible in co-operation with both Arabs and Jews, it being understood that no scheme will be put into effect without further reference to, and approval by, the Council. The procedure that His Majesty's Government have in mind, if the Council give their general approval to the policy which I have outlined, is to appoint a further special body to visit Palestine, to negotiate with Arabs and Jews and to submit to His Majesty's Government in the United Kingdom proposals for a detailed scheme of partition.¹

This request was referred to a special sub-committee composed of the delegates of Rumania, Latvia and Sweden, who drafted a resolution which the Council adopted on the 16th September. The resolution, while consenting to the procedure outlined by Mr. Eden, pointed out that the Mandate of 1922 remained in force until the Council otherwise decided, and placed on record that the Council had deferred consideration of the substance of the question until a definite scheme was laid before it, in the meantime reserving its opinion and decision.

The debates which followed in the Assembly and its Sixth Committee illustrated the international repercussions of Palestinian affairs. The critical attitude of the Muslim delegations has already been noticed.² Among European Powers the most deeply concerned was Poland, whose Government, with a large Jewish population and a rising tide of anti-Semitism, were faced with problems in some respects similar to those of the mandatory administration in Palestine. Their attitude to any proposal for the future of Palestine would be governed by the effect that it might seem likely to have on the pace of the Jewish exodus from Poland, and at first sight they seemed inclined to share the view of the Zionist majority on that question, and therefore to welcome partition.

Finally, there was a Power not represented at Geneva whose attitude had to be considered. As one of the 'Principal Allied Powers' originally represented on the Supreme Council which had later assigned the Mandates over ex-Ottoman territories, the United States of America had concluded an agreement with Great Britain on

¹ It will be noted that Mr. Eden then hoped that an agreed solution, along the general lines of the Peel Report, might be negotiated with the two communities in Palestine. The question of what the British Government intended to do if such an agreement proved impossible had been raised by a member of the Permanent Mandates Commission. Mr. Ormsby-Gore had replied that 'until the matter had been explored in the conciliatory spirit of the League, he did not think it would be proper to contemplate imposition. But if, finally, in the light of actual events, the League and the Mandatory Power were satisfied that a given solution was just and ought to be applied, he hoped that the latter, with the League behind it, would be in a position to apply that solution'. (*Minutes*, p. 88.)

² See p. 554 above.

the 3rd December, 1924, securing for her nationals equality of economic opportunity in Palestine. The American Ambassador in London inquired into the effect of the proposed partition on this guarantee. Mr. Eden, while observing that, as the American Government had explicitly assented to the terms of the Mandate, it must be held to have accepted Article 27, under which those terms might be modified with the consent of the League Council, gave an assurance that if the rights of American nationals were affected by the changes, their Government's consent would be sought.¹

The Mandatory Power was thus, by the end of September, at liberty to undertake the further investigations which would enable it to submit a detailed plan to the Parliament at Westminster and to the Council of the League of Nations. It was anticipated that the appointment of the special body to which Mr. Eden had referred would shortly be announced, but the Government's plans were at this stage upset by the intensification of Arab terrorism in the same month,² and the Colonial Secretary told the House of Commons on the 21st October that the new Commission would not be appointed until the ordinary rule of law had been re-established in Palestine. It could not be said that that condition had been fulfilled either when the Commissioners were appointed in the following February or when they left for Palestine in April; the Government had presumably concluded that further delay would be more prejudicial to the success of the Commission than the abnormality of the situation with which it would now be confronted. Its terms of reference were first announced in a letter, dated the 23rd December, from the Secretary of State for the Colonies to the High Commissioner in Palestine.³ Defined as a Technical Commission, it was given the following functions:

Taking into account the plan of partition outlined in Part III of the Report of the Royal Commission, but with full liberty to suggest modifications of that plan, including variation of the areas recommended for retention under British Mandate,

and taking into account any representations of the communities in Palestine and Transjordan—

(i) to recommend boundaries for the proposed Arab and Jewish

¹ The agreement of 1924 will be found in *Cmd.* 2559 of 1925; the correspondence between Mr. Eden and Mr. Bingham in *Cmd.* 5544 of 1937. The existence of the Anglo-American convention encouraged certain sections of anti-partitionist Jewry in the United States to hope that their Government might have the power, and the will, to veto the British project.

² See pp. 569–70 below.

³ Published, on the 4th January, 1938, with an appendix containing the texts of recent statements and resolutions on the Report of the Royal Commission, as *Cmd.* 5634. The terms of reference of the Technical Commission constituted paragraph (6) of the despatch.

areas and the enclaves to be retained permanently or temporarily under British Mandate which will

- (a) afford a reasonable prospect of the eventual establishment, with adequate security, of self-supporting Arab and Jewish states ;
 - (b) necessitate the inclusion of the fewest possible Arabs and Arab enterprises in the Jewish area and *vice versa* ; and
 - (c) enable His Majesty's Government to carry out the Mandatory responsibilities the assumption of which is recommended in the Report of the Royal Commission, including the obligations imposed by Article 28 of the Mandate as regards the Holy Places ;
- (ii) to examine and report on the economic and financial questions involved in partition upon which decisions will require to be taken, including—
- (a) the allocation, so far as may be necessary, between the various areas of the public assets and public debt of Palestine and other 'financial obligations legitimately incurred by the Administration of Palestine during the period of the Mandate' referred to in Article 28 thereof ;
 - (b) means to ensure that the financial obligations referred to above will be fully honoured in accordance with Article 28 of the Mandate ;
 - (c) the administration of the railways, ports, postal, telegraph and telephone services ;
 - (d) currency arrangements ;
 - (e) customs administration and tariffs ;
 - (f) the budgetary prospects of the various administrations to be established ;
 - (g) the preservation of the rights of civil servants in accordance with the provisions of Article 28 of the Mandate ;
 - (h) the treatment of industrial and other concessions ;
 - (i) the possibility of voluntary exchanges of land and population, and the prospects of providing by works of land development room for further settlement to meet the needs of persons desiring to move from one area to another ;
 - (j) the provision of effective safeguards for the rights of religious or racial minorities in the areas to be allocated to Arabs and Jews respectively, including the protection of religious rights and properties.

The Colonial Secretary's letter was closely scrutinized in the Palestinian Press, which sought from its varying points of view to find comforting indications of a change in the direction or the emphasis of British policy. Thus Article i (b) of the terms of reference seemed to hint at a reconsideration of the proposal to exclude from the Jewish state both the Rutenberg hydro-electric station and the potash plant on the Dead Sea. On the other hand, if taken in conjunction with the evident intention that there should be no compulsory transference of population, it might seem to imply the retention of Galilee by the Arabs. Still greater scope for speculation was given by the succeeding

paragraph of the despatch (paragraph 7), in which stress was laid on the length of the process through which the findings of the Commission would have to pass before they issued in political decisions. And even the initiation of this process was not spoken of as a certainty. The result of the Commission's investigations was only to be referred to the Council of the League if, after receiving it, His Majesty's Government concluded that a scheme of partition was equitable and practicable. It was true that the Government had never committed themselves further than the statement that a scheme of partition on the general lines recommended by the Peel Commission represented 'the best and most hopeful solution of the deadlock', but the new declaration seemed to indicate that longer reflection had induced a mood of indecision. This impression was strengthened by the absence of any reference to the personnel of the new Commission.

The year ended, therefore, in an atmosphere of uncertainty. Nobody could foretell what the Technical Commission would recommend or whether its recommendations would be acceptable to the British Government. If they were endorsed in London they had still to commend themselves to the Permanent Mandates Commission and to the Council of the League. And if the Jewish Agency declined to accept them, it was not clear whether or not they could be imposed on a recalcitrant country—the one apparently certain factor in the situation being the intransigence of the Arabs.

The first step towards clarification was taken on the 28th February, 1938, when Mr. Ormsby-Gore announced to the House of Commons that Sir John Woodhead had been appointed as Chairman of the Palestine Partition Commission, and that he would be assisted by Sir Alison Russell, Mr. A. P. Waterfield, and a fourth member still unchosen. The Secretary would be Mr. S. E. V. Luke of the Colonial Office. A month later the Commission was completed by the addition of Mr. Thomas Reid, and on the 21st April they left London for Jerusalem.

Meanwhile the reopening of the problem of Palestine's future development had inevitably affected the day-to-day administration of the Mandate, and the Government had to make some adjustment of their immediate policy to their ultimate intentions, however nebulous the latter might be. Some guidance was afforded by the recommendations which the Royal Commission had made for the period of transition which would necessarily intervene between the acceptance and the execution of their policy. They had suggested that steps should be taken at once to prohibit both the purchase of land by Jews within the Arab area and the immigration of Jews into that

area; the volume of Jewish immigration should be determined by the economic absorptive capacity of the Jewish and British zones only. Further suggestions were that negotiations should be opened for the emancipation of Palestine's fiscal policy from the obligation, imposed by Article 18 of the Mandate, to grant equality of treatment to all states members of the League; that the High Commissioner's Advisory Council should be made more representative by the inclusion of Arab and Jewish representatives; that the relations between the Government and the municipal administrations should be revised; that the number of Government schools for the Arab population should be increased; that the progress of the land survey should be accelerated; and that a hydrographic survey should be undertaken in the Negeb, the Jordan Valley and Transjordan. The Report of His Majesty's Government on the administration of Palestine during 1937 announced that the two last of these suggestions had been adopted, and that Jewish interests had not in fact acquired land beyond the hypothetical frontier since the publication of the recommendations.¹ Otherwise it reported no progress in the execution of the Commission's interim policy.

In one important aspect, however, the British Government's decision to investigate the possibility of partition had involved an immediate modification of policy. Of the issues dealt with in the interim recommendations, the most controversial and therefore the most urgent was Jewish immigration. In its initial statement of policy, made public simultaneously with the Peel Report, the Mandatory Power had announced that a maximum of 8,000 would be imposed on all categories of Jewish immigration between the 1st August, 1937, and the end of the following March. This decision, it was at once asserted from the Jewish side, was not in accordance with the recommendation made in the Report since, as had hitherto been recognized in the system of Labour Schedules, considerations of economic capacity could only legitimately affect the quota of immigrants seeking employment, and although immigration had been regulated by that principle since 1922, other categories had throughout that period been unrestricted. The imposition of a maximum figure for all categories together could only be a political measure, designed to reduce the inter-racial friction to which large-scale

¹ *Report for 1937*, pp. 72, 82, and 76. The hydrographic survey was to be confined to Southern Palestine and the Jordan Valley, the cost being shared equally between His Majesty's Government and the Government of Palestine. It should also be noticed that the British Government's statement of policy in July 1937 had announced that steps would be taken to prevent land transactions which might prejudice a scheme of partition.

immigration gave rise. The Government appeared, in fact, to have borrowed the conception of a 'political high level' of 12,000 per annum, which had been suggested by the Commissioners as a palliative in the event of partition being refused, and to have transferred it to the conditions created by the acceptance of partition.

Questioned on this point by members of the Permanent Mandates Commission, Mr. Ormsby-Gore explained that the Government could not assess the economic capacity of an area whose frontiers had not yet been determined, and that it had therefore fixed an arbitrary level for the first eight months of the interim period of preparatory investigation. He added, however, that the economic capacity of the whole country had been taken into consideration, and that the application of that criterion to the area tentatively allotted to the Jews would have resulted in a lower figure. He also pointed out that, according to the Mandatory Power's statement of policy, the figure of 8,000 was subject to reduction if the economic situation, during the eight months, demanded it.¹ Mr. Ormsby-Gore elaborated this explanation in a despatch to the High Commissioner dated the 10th March, 1938,² in which he drew a distinction between the transitional period extending from the delimitation of frontiers to the inauguration of the new régime on the one hand, and on the other the immediately preceding period after the general statement of policy and before the final acceptance of partition. The Commissioners had made no recommendation which could be applied to immigration policy during the first phase of the transition.

The Permanent Mandates Commission, in reporting to the Council of the League, drew its attention to this departure from the principle that immigration was to be proportional to the country's economic absorptive capacity, and Mr. Eden, commenting on this at the September meeting of the Council, gave an assurance that the measure was a temporary one designed to meet exceptional conditions. The powers necessary for its practical application were conferred on the High Commissioner by the Immigration (Amendment) Ordinance of the 11th November, 1937. He was authorized, within the limits imposed by the British Government's decision, to pre-

¹ Permanent Mandates Commission: *Minutes of the Thirty-Second (Extraordinary) Session*, pp. 188-9.

² Text in *The New Judaea*, March-April 1938. At one point this despatch appeared to conflict with the earlier statement, for it said that His Majesty's Government, having regard to the fact that their ultimate aim was partition, had felt that it was impossible to allow immigration to be determined by the economic absorptive capacity of the whole country.

scribe the aggregate number of immigrants to be admitted in any specified period, and to distribute that number among the various categories.¹

As it became apparent, however, that the first phase of the interim period would extend beyond the eight months ending on the 31st March, 1938, interest again centred on the Government's immigration policy. The Colonial Secretary's despatch of the 10th March, 1938, communicated the Government's decision to renew the powers that had been conferred on the High Commissioner in November for a further period of twelve months, and announced that they would then be renewed again unless by that time the boundaries under a scheme of partition had been defined, in which case the Commissioners' proposals for the second part of the transitional period would be adopted. The despatch proceeded to discuss the specific employment of the High Commissioner's powers for the six months from April to September 1938. During that period the overriding maximum for all Jewish immigration would be removed, and unrestricted immigration would be allowed in two categories, namely students whose maintenance was assured, and the wives and children of immigrants or of Jews already in the country. Other dependents would be limited to a quota of 200, designed to meet cases of exceptional hardship; and the two categories of major importance² would remain limited, persons of independent means to 2,030, and labour immigrants to a maximum of 1,000 subject to reduction if the economic situation grew even more unfavourable than it was in March. The declared object of these modifications was to mitigate, in certain directions, the arbitrariness involved in the exceptional nature of the interim period without permitting any appreciable change in the total monthly volume of immigration. The opportunity was taken, however, to adapt its composition to the prevailing unemployment by approximately reversing the ratio of capitalists to workers.³

¹ This ordinance is summarized in the *Report for 1937*, pp. 67 and 86. It was criticized by the Jewish Agency on the ground that the opportunity was taken to incorporate the Royal Commission's suggestion that the category of 'dependents' should be restricted to include, as a general rule, only wives, children, and orphaned grandchildren under 18, while at the same time their proposal to regularize the position of illegal immigrants already in the country was ignored.

² Economically speaking; numerically the dependents were the largest class, accounting for about 60 per cent. of the total immigration in recent years.

³ The authorized labour immigration, Jewish and non-Jewish, for the preceding eight months had in fact amounted to 2,380, as against a quota of 950 persons of independent means. (*Jewish Agency Memorandum, 1935*, paragraph 17.)

Both the Zionist Congress and the Council of the Jewish Agency, at their Zürich meetings, had carried resolutions protesting against the British Government's abandonment of economic absorptive capacity as the controlling principle of immigration, and when the new policy was substantially reaffirmed in March 1938 the Jewish Agency returned to the attack. It pointed out that pending a final settlement the Mandate of 1922 remained in force, and argued that the arbitrary restriction of immigration was in violation of the terms of that document.¹ The new policy of the Mandatory Government had not even the moral backing of the Peel Commission, since by the Colonial Secretary's own admission the transitional period of which they had spoken had not yet begun. The Mandatory Power was limiting immigration to the needs of a part of Palestine before it had been finally decided that the country should be partitioned. To this juridical criticism was added the historical contention that in fact the Labour Schedules had always been assessed on a basis of the Jewish economy alone. Since, therefore, the necessity of calculating on that basis was now adduced as a reason for further limitation, Jewish opinion concluded that there was a less avowable motive in the background, and found it in the pressure of Arab terrorism.

The extent to which Jewish interest had by this time been diverted from the permanent fate of Palestine to the conditions of the interim period can only be understood in relation to contemporary developments in Europe. The new year had seen the sudden exaggeration of Rumanian anti-Semitism under the short-lived Goga Ministry,² and Mr. Ormsby-Gore's despatch on immigration had made an untimely appearance in public almost simultaneously with the German invasion of Austria. Palestine was looming larger than ever in the dreams of European Jewry; the repatriation of refugees was becoming more clearly than before the central aim of Zionist effort. There was no sign that this racial tragedy, which had subjected the Mandate to so unexpected a strain, was anywhere near its end. And as the pressure on Palestine increased, so the resistance of the Arab popula-

¹ The text of the Mandate merely said that the Administration 'shall facilitate Jewish immigration under suitable conditions', but the Churchill White Paper, in which the principle of economic absorptive capacity was first enunciated, had been communicated to the Council of the League of Nations three weeks before the Mandate was formally conferred on Great Britain (see the *Survey for 1925*, vol. i, pp. 366-7). It might therefore be regarded as an implicit condition, and the Permanent Mandates Commission spoke of the new policy as a departure from a principle sanctioned by the League Council.

² See the present volume, pp. 429-30, above.

tion hardened against what seemed to be a hypocritical attempt to make it atone for the sins of Europe.¹

(b) TERRORISM AND ECONOMIC RECESSION

The termination of the Arab strike and the dispersal of the larger guerrilla bands in October 1936 had not brought the disorders of that year to an end.² There were isolated outrages during November and December, and sporadic terrorism continued throughout the first nine months of 1937, developing in the late autumn into a second rebellion. That the most serious outbreak coincided with the approach of the citrus season which, with its prospect of a large amount of seasonal employment, had helped to produce the détente of the preceding autumn, suggested a deterioration in the economic situation. The Arab community had been greatly impoverished by the six-months' strike, and the subsequent depression of internal trade had been more disastrous to the Arab than to the Jewish economy. An inquiry made in seven selected towns at the end of 1937 revealed an unemployment figure of 21,000 among the Arab inhabitants.³ These conditions were reflected in a number of crimes whose motive was apparently economic; armed robberies became frequent and the traditional highland occupation of cattle-lifting from the valleys made its appearance. But the great majority of the outrages still wore a political aspect. Jewish settlements continued to suffer, and a thousand supernumerary police with nearly four thousand reserves were enlisted from the Jewish community for their protection. The attention of the gunmen, however, was concentrated to a greater extent than before on those Arabs whose activities were regarded as disloyal to their people. Ten Arab police constables were killed during the year, the mayors of several Arab towns and numerous village mukhtars were attacked, and a steady

¹ See for this point of view the speech made by the delegate of 'Irāq, Tawfiqul-Suwaydī, in the Sixth Committee of the League Assembly on the 23rd September, 1937:

'The Committee [he said] had been told that certain countries in Central and Eastern Europe were experiencing economic difficulties. . . . But the Committee had not been told why, if there must be emigration to relieve these economic difficulties, it should be the Jews specially who should have to emigrate. . . . Nor had it been stated why the Arab country of Palestine should be forced to receive them, nor why a grateful Europe was proposing to reward the Jews for their services to philosophy and the arts by granting them, not a smiling province or two in Europe, but somebody else's property in Asia.'

² See the *Survey for 1936*, Part V, sect. (ii) (c).

³ This figure was quoted in the Colonial Secretary's despatch of the 10th March, 1938, paragraph 9 (c). For the Arab economy in 1936-7 see below, pp. 575-7.

pressure of intimidation deterred Arab landowners from selling their estates to Jewish purchasers.¹

The maintenance of a united front, by this means if necessary, was clearly of advantage to the Arab Higher Committee, and it was believed in Jewish quarters that the terror was organized in Jerusalem. There was, however, no more satisfactory evidence for this than for the Higher Committee's alleged control of the armed bands in the previous year, and the British authorities took the view that the continuing disorders were local and spontaneous in origin. Answering questions in the House of Commons on the 17th March, 1937, Mr. Ormsby-Gore declared himself to be

quite satisfied that these acts—both murders of Arabs by Arabs and of Jews by Arabs—were organized by bodies which were very local in character. They were admittedly the work of a small murder gang, and [he was] quite sure that these small murder gangs had no connexion with the Higher Committee.²

This view was in harmony with the evidence which Mr. J. H. Hall, Chief Secretary to the Palestine Government until the spring of 1937, was later to give before the Permanent Mandates Commission at Geneva on the subject of the Arab rising in the preceding year. Asked why the Administration had taken no action against the Higher Committee, Mr. Hall replied that

the only illegal act committed by the Arab Higher Committee was its identification with the policy of non-payment of taxes. . . . From that moment onwards, the Committee committed no known illegal act.³

The Royal Commission, on the other hand, took a less sympathetic view of the Arab leadership, observing that the Higher Committee had at no time condemned the acts of sabotage and terrorism which had accompanied the strike, and concluding that 'the Mufti as Chairman must . . . bear his full share of responsibility for those disorders'.⁴ The Commissioners thought it unfortunate that the promised electoral law for the Supreme Muslim Council had never been promulgated, with the result that the Mufti's Presidency over that body had become in fact permanent. This office, carrying with it the control of patronage in the *Shari'ah* Courts and of the *awqāf* funds, added greatly to Hājī Amin Efendī al-Husaynī's authority and enabled him to estab-

¹ The efficacy of this intimidation is illustrated by the statement, on p. 13 of His Majesty's Government's *Report for 1937*, that although rewards totalling £P. 26,200 had been offered by the police for information leading to the arrest of persons guilty of murder or attempted murder, none of this money had been claimed.

² *Parliamentary Debates (House of Commons)*, vol. 321, col. 2053.

³ Permanent Mandates Commission: *Minutes of the Thirty-Second (Extraordinary) Session*, p. 51.

⁴ *Cmd.* 5479 of 1937, p. 179.

lish what the Commissioners described as an *imperium in imperio*.¹ After the publication of their Report there was a widespread demand, in the English as well as in the Jewish Press, for action to be taken in the light of these observations, and in Palestine the rumour spread that the Government had decided to arrest the Mufti. The offices of the Arab Higher Committee were searched by police on the 17th July, at a time when several members of the Committee were present and the Mufti might have been expected to be with them; thereafter he remained permanently within the precincts of the Haramu'sh-Sharif.

The uneasy situation created by these mutual suspicions increased the existing tension in the country. The explosive material which had been accumulated as a result of the persistence of terrorism, of the deepening economic depression, and of uncertainty over the political future of Palestine, was ignited on the afternoon of the 26th September by Arab gunmen in Nazareth. Their victims were Mr. L. Y. Andrews, the acting District Commissioner of the Galilee District,² and his police escort, Constable P. R. McEwen. Five days later, on the 1st October, the Officer Administering the Government announced in an official *communiqué* that, in view of the campaign of terrorism which had culminated in the murder of Mr. Andrews, he

found it necessary to institute action against certain persons whose activities had been prejudicial to the maintenance of public security in Palestine and who must thus be regarded as morally responsible for these events.³

The Arab Higher Committee and the local National Committees were therefore declared to be unlawful associations; Hājj Amīn Efendī al-Husaynī was deprived of his office of President of the Supreme Muslim Council and of membership of the General Waqf Committee, of which he had been Chairman; and warrants were issued for the arrest of five members of the Higher Committee and of the Haifa

¹ *Op. cit.*, p. 181. The religious endowments yielded an income of £P. 67,000 in 1936, but this money was subject to audit and the Palestine Government were satisfied that it had not been improperly used during the strike (Permanent Mandates Commission: *Minutes of the Thirty-Second (Extraordinary) Session*, p. 106).

² The Northern District had been divided, on the 14th July, into two new administrative divisions—the Haifa and Samaria District and the Galilee and Acre District.

³ Attacks on British officials were a recent development in the campaign of terrorism, that on Mr. Andrews being the second; an attempt had been made on the life of Mr. R. G. B. Spicer, the Inspector-General of Police, on the 13th June.

Manager of the Arab Bank.¹ The leader of the Palestine Arab Party, Jamāl Efendī al-Husaynī, evaded arrest and escaped into Syria, but the others were condemned to deportation to the Seychelles; they were removed from Palestine on the 2nd October.

Shops in the Arab quarters were closed on the 2nd and 3rd October as a protest against the destruction of the Arabs' political organization and the subjection of the central Muslim authority to government control. The Administration, in the hope of preventing a more violent reaction, had detained a number of local leaders in the concentration camp at Acre, and for a few days it seemed that their firm action would have no dangerous repercussions. On the 14th, however, there was a sudden recrudescence of murder, intimidation and sabotage. Attacks were made on Jewish omnibuses, the pipe-line was pierced and the oil ignited near Baysān, a train was derailed on the line from Haifa to Lydda, and just before dawn on the following morning two British constables were killed when a police patrol was ambushed on the Hebron road. From then until the end of the year the disorders mounted towards the level of April–October 1936. As compared with 240 attacks with bombs or firearms recorded during the first nine months of the year, there were 198 in the last quarter.² This period saw not only an increasing activity of individual gunmen and bomb-throwers in the towns, but also the re-formation of armed bands in the hills. Only one Arab band had been engaged by the military and the Air Force before the 30th September; there was one engagement in October, and this was followed by two in November and six in December, culminating in a pitched battle near the Sea of Galilee on Christmas Day.³ The second rising continued into 1938 and at the time of writing, in July, troops were being sent from Egypt to reinforce the two infantry brigades and ancillary units already in the country.⁴

On the day after the beginning of this new wave of violence, the 15th October, Hājj Amīn Efendī al-Husaynī escaped from Jerusalem.

¹ Jamāl Efendī al-Husaynī, Ahmad Hilmī Pasha, Fu'ād Efendī Sābā, Ya'qūb Efendī Ghusayn, Husayn Efendī al-Khālidi, and Hājj Rashid Efendī Ibrāhīm.

² *Report for 1937*, p. 11.

³ *Op. cit.*, p. 15. There had been encounters between the police and small bodies of armed men earlier in the year.

⁴ Some conception of the disturbed condition of Palestine in the early months of 1938 might be gathered from the figures, said to be compiled from Police Bulletins, given in *Palestine and Transjordan*, 7th May, 1938. In the month of April there were 132 cases of sniping, 4 of kidnapping, 20 of tampering with railway lines, 38 of cutting telephone wires, 20 of armed robbery, 8 of puncturing the oil-pipe line, 18 of tree-cutting, arson or puncturing water pipes, 15 bomb explosions and 8 encounters between the military and armed bands.

He was believed to have made his way to the coast near Jaffa, and there to have embarked in a motor-boat for the Lebanon. It was supposed that he intended to go to Damascus, but the French authorities preferred that he should remain in Bayrūt. The coincidence of the Mufti's flight with the second breakdown of public security was variously interpreted as establishing his complicity with the terrorists or as indicating his fear that the Palestine Government would use their activity as a pretext for further action against him. Apart from either of these considerations it was a natural move. In Jerusalem he was being gradually isolated from his supporters—even his appeal for the abandonment of the Arab strike at the beginning of October had been excluded from the Press; in Bayrūt, on the other hand, he was in contact again with those members of the Higher Committee who had been out of Palestine when that body had been dissolved, with the leader of the Palestine Arab Party and with the sympathetic Arab notables of Syria.

The only prominent Arab politicians still at liberty in Palestine were Rāghib Bey an-Nashāshībī and his colleagues in the National Defence Party. The public statements of this group were scarcely distinguishable from those of the Mufti, but they did not succeed in taking his place as the focal point of Arab loyalty. The nationalist movement, on its political side, was totally disorganized. At the same time the insurrection was able to sustain and even strengthen itself, thus illustrating the thesis advanced by Lord Samuel in the House of Lords on the 20th July:

It is a delusion to think that all that is necessary is to remove the Mufti and that then all would be well. We used to hear that kind of thing in the old days with regard to Ireland. It was said, 'Only let the priests and the land agitators be quiet, and the Irish people will be entirely contented'. We used to hear it with regard to trade disputes and strikes. 'Only let the paid agitators be still, and the working people will give no trouble.' We heard it in regard to India—'Arrest Gandhi'—and with regard to Egypt—'Arrest Zaghlūl'. But movements of this kind cannot be dealt with in that way. As the Royal Commission rightly points out, the Arab national movement is the same in Palestine as it is in Syria, as it is in Egypt and as it is in 'Irāq. It is analogous to the movement of Indian nationalism and similar movements in other countries of the world, and it is not to be disposed of easily and lightly simply by using the strong hand and applying methods of coercion.¹

¹ Quoted by Mr. J. H. Hall in his evidence before the Permanent Mandates Commission. (*Minutes of the Thirty-Second (Extraordinary) Session*, p. 51.) Mr. Ormsby-Gore, when questioned in the House of Commons on the 21st October, agreed with the allegation that the Mufti 'had been operating against the interests of this country and of Palestine during the whole of his period of office'.

The Government pursued their policy of disintegrating the Arab leadership a stage further on the 16th October, when a *communiqué* was published announcing that the administration of the Muslim *awqāf* would be entrusted temporarily to a Commission of three members; the Commissioners appointed were Mr. Justice Greene, Mr. A. L. Kirkbride and Shaykh Husāmu'd Dīn Efendī Jāru'llāh.

Direct action against the terrorists was a more difficult problem, involving a revision of judicial as well as of military methods. In both directions the Administration acted more drastically than it had done during the rising of 1936. Early in October 1937 an Order was brought into force authorizing the conviction of persons accused of murder on the evidence of only one witness. But even with this concession to the difficulty of obtaining evidence the civil courts were not felt to be adequate in the circumstances, and on the 10th November the Government announced their intention of establishing military courts for trying certain specified offences arising out of the disorders. Two such courts, one in Haifa and the other in Jerusalem, came into operation on the 18th, each composed of three officers. The offences over which they were given jurisdiction were the discharge of firearms at any person, the carrying of arms or bombs, and the causing of sabotage or intimidation. At the same time the first two of these offences were made punishable by death. No person was to be found guilty except by the unanimous consent of the members of the court, and their sentences were made subject to confirmation by the General Officer Commanding the British Forces in Palestine; there was, however, no provision for appeal to the High Commissioner. By the end of the year these courts had tried thirty-eight Arabs, and three sentences of death had been confirmed.¹

Measures were also taken during 1937 to facilitate the operations of the military against the Arab bands. Apart from the city and suburbs of Jerusalem, the main centre of disturbance was now the hill-country of Galilee, where the bands could be reinforced in men and weapons from across the Syrian frontier.² The regular patrolling of a large part of this frontier was made possible by the opening, in July, of a road from Rāsu'n-Nāqūrah on the coast to Metullah at the northernmost point of Palestine. Plans were made in 1938 for the strengthening of this defensive line by the addition of two parallel fences of barbed wire, six feet high and five feet apart, to be kept

¹ *Report for 1937*, p. 16. The regulations establishing the military courts will be found in *op. cit.*, pp. 46-9.

² It will be noted that this was part of the territory which the Peel Commission had suggested including in the future Jewish state in the event of a partition of Palestine.

under observation at night with the aid of searchlights. This device was suggested by Sir Charles Tegart, who had been sent on a temporary mission to place at the disposal of the Palestine Government the results of a long experience of terrorism in Bengal. The barbed-wire defences were to be extended southwards from Metullah to the Hūlah marshes, and supplemented by a similar fortification stretching from Rosh Pinah to the northern shore of Lake Tiberias. In other parts of the country communications were improved with a view to security as well as to economic development. Thus the movement of troops was assisted by the completion in September 1937 of the coastal road from Tel Aviv to Haifa, and the danger of inter-racial incidents in Jerusalem was diminished by the construction of a road linking the New City to the Wailing Wall without passing through the Arab quarters.

Although the movement of troops was facilitated by these improvements, and the operations of the bands restricted, the latter were still protected by the physical difficulties of the hill country in which they gathered. Occasionally, during the last two months of the year, the military were able to take the initiative, harrying the bands and inflicting heavy losses on them. But all that could normally be attempted was to cut them off from their sources of food supply in the villages.¹ On the 30th March, 1937, District Commissioners were empowered to billet additional police, at the expense of the local population, in villages or districts where the inhabitants were suspected of assisting, actively or passively, the armed bands; eighty punitive police posts were established during the remainder of the year. The villages were also discouraged from harbouring terrorists by the imposition of collective fines and the dynamiting of houses in which offenders had been known to have taken refuge. The same policy of breaking Arab resistance in its more accessible forms, and thus isolating the terrorists, was pursued through the detention of suspects and political extremists in the concentration camp at Acre and other centres. At the end of the year these prisons contained 580 Arab and 51 Jewish *détenus*.²

The death roll in 1937, while appreciably smaller than in the previous year, still reflected a situation bordering on civil war. It included two officials of the civil administration, fourteen members of the police forces and five of the military, thirty-two Jewish civilians,

¹ Compare the contemporary difficulties of a Japanese army of invasion in the Chinese province of Shansi (see the present volume: pp. 200-1, above).

² The Jews were for the most part Revisionists. This right-wing minority was probably responsible for the few instances of armed reprisals from the Jewish side in 1937, early in September and again in the middle of November.

and forty-four Arabs, apart from unknown casualties among the guerrilla bands. The financial losses resulting directly from disorder were considerably less important than in 1936, since there was no strike and the disturbances were concentrated in the economically backward areas. There could be no doubt, however, that the decline in public security which had begun in April 1936, and to which no end was yet apparent, had contributed to the contemporaneous check to Palestine's economic progress, though it was difficult to distinguish the operation of this cause from such other adverse factors as the uncertainty of the political future and the purely economic tendencies which had been causing anxiety as early as the autumn of 1935.

The economic history of Palestine under the Mandate ran curiously out of step with that of the world as a whole. The years between 1930 and 1935, during which other countries were struggling painfully out of one of the severest depressions in modern times, were a period of sensationally rapid expansion in Palestine. The recovery, on the other hand, of international trade and, with it, of the internal prosperity of most of the countries which had a highly developed economy, coincided with a slackening in the pace of Palestine's industrial revolution. The intersection of the two curves of prosperity in this way was not entirely fortuitous. The Zionist enterprise involved the economic transformation of Palestine, and so provided a hopeful field for capital investment. Although motives not primarily economic would have been sufficient to stimulate a flow of Jewish capital at any time, this was nevertheless more rapid when alternative outlets were fewer, and the stagnation of trade in Europe and America was therefore a factor in the contemporaneous expansion of Palestine. Furthermore, like most countries in the early stages of industrialization, Palestine, needing, as she did, to import most of both her capital goods and her manufactured articles of consumption, had a large adverse balance of trade. The strain which this imposed on her financial structure was diminished, however, by the low price levels of the depression period.

The extent to which these advantages were reversed by the subsequent revival of world trade was less easily estimated, since the decline of capital imports in 1936 and 1937 was partially accounted for by the deterioration of public security and the indefiniteness of the political future. The rising cost of imported commodities, on the other hand, was solely due to external conditions, and its seriousness was increased by the slackening—however that might be explained—of the inflow of capital. By a further paradox the prices of Palestine's

most important export, citrus fruit, moved inversely to the general tendency of world prices, falling as they rose, so that in 1937 foreign trade was conducted on highly unfavourable terms. The average price level of imported goods was then 18 per cent. higher than in 1935, but, whereas the exported citrus crop was larger by 48 per cent. in 1936-7 than in 1934-5, the payments which it brought into the country had risen by only 22 per cent.¹

Both the political situation and the conditions of international trade, therefore, were unfavourable to the recovery of the Palestinian economy from the shock of the minor financial crisis which had been occasioned by the diplomatic tension in the Eastern Mediterranean during the autumn of 1935.² But the expansionist tendencies in that economy were sufficiently powerful to counteract many of the effects of these adverse factors, and the next two years saw a struggle between the continuing upward movement and the downward pressure of new circumstances. There were, nevertheless, certain weaknesses in the economic structure which this pressure was likely to find out, and foremost among these was its internal division into two separate compartments.

Although the impact of the industrialized Jewish society had not been without its effects on the subsistence economy (as it still mainly was) of the Arabs, the two sectors had not proved to be—as might superficially have been anticipated—complementary to one another. Specialization in urban and non-manual tasks was one of the characteristics which Zionism hoped to eliminate from the Jewish community as it settled in Palestine. The success with which this aim was pursued ensured that a class-division would not coincide with and fortify the national barrier in Palestine. On the other hand, although it resulted in the sharing of heavy industrial labour and of employment in the citrus plantations between Jewish and Arab workers, it did not lead to the formation of a common proletariat. The Histadruth, gathering almost the whole of Jewish labour into a single powerful organization, prevented the wages of its members from falling towards the Arab level, and Arab labour was too ill-organized to bridge the gap from the other end.³ Thus the modern economy grew up side by side with the medieval, and the area of

¹ This calculation is based on figures given by Horowitz and Hinden, *op. cit.*, p. 70.

² See the *Survey for 1936*, pp. 703-4.

³ Unskilled Arab labourers earned about 60 per cent. less than unskilled Jews. Even this rate was about double the nominal wage paid for similar work in Syria, but the cost of living was roughly 30 per cent. higher in Palestine. See *Palestine and Middle East Economic Magazine*, November 1937, p. 562.

inter-penetration was relatively unimportant. Both communities exported the bulk of their surplus produce and imported most of the requirements which they did not provide for themselves.¹ This segregation was accentuated by the events of 1936 and the continuing inter-racial tension of 1937.

It was the Arabs who—being less affected than the Jews by the compensating factors of expansion—suffered the more severely from the abnormal conditions of those two years. In 1936 the *fallāḥin* were cut off from their urban markets by the strike, and they did not recover the whole of their lost ground in the following year.² The natural reluctance of Jewish planters to employ Arabs in the orange groves, coupled with the unemployment of building workers in the Jewish towns, caused a large displacement of labour; inquiries made by the Jewish Agency showed that the percentage of Arabs employed in five leading plantation villages had fallen from 66 in March 1936 to 27 in February 1937.³ At the same time the largest Arab town was losing its previously important position in the national economy; the complete cessation of activity in the port of Jaffa during the strike had created a demand for a new outlet at Tel Aviv. A jetty was built in May 1936, and in the following year the Government granted permission for all types of cargo to be loaded and discharged in the rapidly expanding harbour. Jaffa, which was already being out-distanced by Haifa, had now to share its remaining trade with a new competitor:⁴

Tonnage of import and export cargoes handled at

<i>Year</i>	<i>Jaffa</i>	<i>Tel Aviv</i>	<i>Haifa</i>
1933	446,000	..	473,000
1934	608,000	..	689,000
1935	574,000	..	926,000
1936	251,000	29,000	922,000
1937	279,000	124,000	995,000

The effect of the large unemployment resulting from these changes,

¹ It was estimated that in 1935 the Arabs bought Jewish goods to the value of £P. 1,000,000 and imported nearly three times as much from abroad. (Z. Abramovitch, in *Palestine and Middle East Economic Magazine*, May 1938, p. 205.) Jewish purchases of foodstuffs from the Arab farmer and the foreign merchant were distributed in roughly the same proportions (Horowitz and Hinden, *op. cit.*, pp. 210–11). It must be remembered, on the other hand, that large payments passed from Jewish into Arab hands in return for land and labour.

² The area planted with vegetables in the Jewish settlements increased from 3,000 dönüms to 9,000 dönüms in 1936; this expansion would probably mean a permanent, and perhaps an increasing, loss to the Arab grower (Horowitz and Hinden, *op. cit.* p. 62).

³ *Jewish Agency Memorandum, 1936*, paragraph 50, and 1937, paragraph 39.

⁴ *Report for 1937*, p. 227. Compare the effect of Gdynia upon Danzig (see the *Survey for 1932*, pp. 381 *seqq.*; the *Survey for 1935*, vol. i, pp. 219 *seqq.*).

following upon the privations which many Arab families had suffered in 1936, was strikingly illustrated in the vital statistics for 1937. While the death-rate of the Jewish population continued to fall, that of the Arabs rose suddenly, and in contradiction to its previous tendency, from 20 to 25 per thousand, and the figures of infant mortality showed a more startling reversal of their earlier decline by leaping from 136 to 179 per thousand.¹

The decline in the purchasing power of the Arabs, and their boycott of Jewish goods, had repercussions on the more advanced Jewish economy. But their effects were counterbalanced by the encroachments which Jewish capital and labour were driven to make into economic sectors hitherto occupied by the Arabs. The increased dependence of the Jewish towns on the rural settlements for their vegetable and dairy produce, the beginnings of maritime trade at Tel Aviv, and the larger employment of Jewish labour in the orange groves compensated to some extent for the decline in public security. More temporary compensations were the presence of abnormal numbers of British troops and the drafting of Jewish workers into road construction or into the supernumerary police. At the same time the new industrial enterprises which had been promoted during the preceding period of expansion were reaching their full productive capacity, and those of them which entered the export trade met with an active demand and remunerative prices. Exports of articles wholly or largely manufactured rose from £P. 370,000 in 1935 to £P. 417,000 in 1936, and again in 1937 to £P. 565,000.²

These developments partly offset and partly disguised the dangerous consequences of the dependence of the Jewish economy on its two major sources of income, citriculture and the building industry. The extent of that dependence in the period of maximum prosperity was apparent from an analysis of the total sums paid in wages to Jewish workers during 1935:³

<i>Wages paid in</i>	£P.	%
Building . . .	2,500,000	38·8
Industry . . .	2,250,000	34·9
Citriculture . . .	1,200,000	18·6
Mixed Farming . . .	500,000	7·7

When it is remembered that approximately one-third of the industrial production of that year was supplying building materials, and that a

¹ *Report for 1937*, p. 223.

² *Op. cit.*, p. 243. The most important item in this category of exports was potash, which accounted for almost 40 per cent. of the whole in 1937.

³ Horowitz and Hinden, *op. cit.*, p. 78.

further 10 per cent. was accounted for by trades subsidiary to citriculture, these figures appear more abnormal. The inadequacy of building as a permanent basis of prosperity is self-evident, and in Palestine the fall in immigration in 1936 and 1937 caused a sharp decline in the demand for houses. From the record figure of 61,854 in 1935, Jewish immigration fell in the succeeding years to 29,727 and 10,536; the estimated value of investments in building declined correspondingly from £P. 7,000,000 in 1935 to £P. 3,000,000 in 1937.¹ This was the most far-reaching factor in the depression. Building was among the more highly paid occupations, and the unemployment of a large number of building operatives had a disproportionately serious effect on the general purchasing power of the community and so on the producers of consumption goods. Unemployment grew with the cumulative effects of the collapse of the building boom, and at the end of 1937 the Government estimated that between eight and nine thousand Jewish workers were wholly unemployed or in casual work, with a further five or six thousand in part-time employment.²

It was fortunate that the other mainstay of Palestine's prosperity, the citrus crop, rose in value as building declined. Here, too, there had been a critical period, and future prospects were not altogether reassuring. Like other plantation crops, such as rubber and coffee, oranges appeared to lend themselves to over-production, and the dietetic revolution which had played so important a part in the initial success of citrus farming in Palestine had simultaneously encouraged an expanding export from other countries. The crop which suffered most severely from the resulting collapse of the market was that gathered in the season of 1936-7, which had to meet the competition of Spanish oranges exported at uneconomic prices for the sake of the

¹ *Report for 1937*, pp. 60 and 30. Statistics covering the whole of a calendar year give an imprecise impression of the course of events. The recession in building and the rise of unemployment began in September 1935. The economic absorptive capacity of the country, as estimated for the purpose of calculating the Labour Schedules by both the Government and the Jewish Agency, declined sharply in that month, as did the permits granted for new construction in the four principal towns. As compared with the corresponding period of the previous year, the estimates for the Labour Schedule fell from 18,600 and 7,500 respectively to 10,900 and 3,250 (*Survey for 1936*, p. 703). Building permits dropped from 121,100 sq. m. in August to 79,700 sq. m. in September (Horowitz and Hinden, *op. cit.*, p. 109). There were 6,000 Jewish workers wholly or partially unemployed at the end of 1935.

² These figures were based on returns from the Jewish labour organizations. The *Jewish Agency Memorandum, 1937*, paragraph 60, speaks of '5,000 workers wholly unemployed, in addition to a considerable number working only three or four days a week, or less'.

foreign currency which was necessary to both parties in the civil war. On the other hand, the Palestinian crop this time was nearly twice as large as that of 1935-6, so that in spite of the lower prices received by the exporters—and in spite of the higher cost of imports—the balance of overseas payments was improved. In 1937-8 prices were higher and the size of the crop had again increased, from 10,800,000 to 11,400,000 cases.¹ There could be little doubt, however, that, as an increasing number of plantations reached maturity, the difficulty of disposing of the crop at a satisfactory price would become more acute, and by 1937 this prospect had almost brought investment in citrus farming to an end.² In the intenser competition for markets which seemed likely to develop after the conclusion of the war in Spain, Palestine would probably be handicapped by her own internal divisions. Between thirty-five and forty per cent. of the citrus crop was in Arab hands, and the more individualistic methods of the Arab growers made it difficult for the large Jewish co-operatives to bargain advantageously with shipping companies and wholesale merchants.

The most sensitive indicators of confidence in the economic future of Palestine, and in particular of the Palestinian Jewish community, were the statistics of new investment and the estimates of economic absorptive capacity made by the Jewish Agency and the Palestine Government. The first table shows a continuing decline of investment in land and building during 1937, contrasted with a partial recovery of general business enterprise:³

<i>Year</i>	<i>Capital invested in Land</i>	<i>Capital invested in Buildings</i>	<i>New Capital registered by Companies</i>
1935	11,720,000	7,000,000	4,890,000
1936	4,921,000	4,000,000	1,871,000
1937	4,389,000	3,000,000	3,831,000

The salient feature of the estimates for the Labour Schedules was the second sharp decline, two years after the first, in the demands of the Jewish Agency:⁴

¹ *Palestine and Middle East Economic Magazine*, May 1938, p. 219.

² The following table shows the area planted with citrus trees during the last four years:

1934	50,000 dönüms
1935	28,000 dönüms
1936	20,000 dönüms
1937	1,500 dönüms

(*Report for 1936*, p. 46; *Report for 1937*, p. 30.)

³ *Report for 1936*, p. 46; *Report for 1937*, p. 30.

⁴ *Survey for 1936*, p. 703, and *Jewish Agency Memorandum, 1937*, paragraph 14.

<i>Period</i>	<i>Jewish Agency's Estimate</i>	<i>Certificates granted by Government</i>
April–September 1935 . .	19,160	8,000
October 1935–March 1936 . .	10,900	3,250
April–September 1936 . .	11,000	4,500
October 1936–March 1937 . .	10,695	1,800
April–September 1937 . .	11,250	770 ¹
October 1937–March 1938 . .	3,000	1,780

Thus by the autumn of 1937 the prospect of a period of restricted immigration with a small demand for new building, of a glutted market for citrus fruits, and of a continuing tendency towards inter-racial boycott had created a mood of pessimism in Palestine. It was felt that the setback of the previous two years might prove to have been a less temporary phenomenon than had at first seemed likely. The disorders of 1936–7 could not be regarded as solely responsible for the decline in building activity, which had begun in the last quarter of 1935, and the increasingly precarious position of citriculture was due almost entirely to more permanent causes. So far, however, the indications for the future were more sombre than was the existing situation, and the statistics which reflected current activity presented a relatively cheerful picture. The high levels of 1935 were not reached by the returns either of imports or of public revenue in 1937, but in both cases there was an improvement on 1936, while the export figures, which were unaffected by internal purchasing power and which reflected the expansion of productive capacity during the past few years, broke all previous records:²

<i>Year</i>	<i>Public Revenue £P.</i>	<i>Imports £P.</i>	<i>Exports £P.</i>
1935	5,770,000 (1935/6)	17,853,000	4,215,000
1936	4,641,000 (1936/7)	13,979,000	3,625,000
1937	4,880,000 (1937/8)	15,904,000	5,820,000

There could be little doubt that, in the event of a partition being carried out, the resilience of the Jewish economy would be reflected

¹ This number was authorized for the four months April–July; no Labour Schedule was issued for August and September 1937. Of the 770 certificates, 620 were given to the Jewish Agency with the stipulation that 400 of these should be reserved for German immigrants for whom special funds were being provided. The Jewish Agency regarded the remaining 220 as a derisory offer and refused to accept it.

² The increase in population, estimated at 10 per cent. between midsummer 1935 and midsummer 1937, and the rising level of prices, must be taken into account in comparing the above figures. Calculated on a *per capita* basis, the yield of taxation and the value of imports would appear less satisfactory; and the apparent recovery of imports would be further reduced by an adjustment in the light of the falling value of money.

in a further period of expansion, but that, if its foundations remained unaltered, it would be involved in fresh difficulties with the ultimately inevitable slowing down of immigration. The most obvious method of eliminating the spasmodic element in the rhythm of Jewish development in Palestine would be to stimulate the potentially considerable purchasing power of the surrounding Arab countries. The long-term, like the short-term, solution of the economic problem would thus in fact depend on political conditions.

**(iii) The Montreux Convention regarding the Abolition of the
Capitulations in Egypt, and the Admission of Egypt to
Membership of the League of Nations**

By H. Beeley

The successful negotiation of the Anglo-Egyptian Treaty of 1936 was described in the previous volume of this series.¹ It is the purpose of the present chapter to examine the procedure by which two Articles of that instrument—Article 13 and Article 3—were given effect. The first provided for the re-definition of the judicial status of foreigners in Egypt, the second for the entry of Egypt into the League of Nations. While it was unlikely that Article 3 would give rise to any difficulty, there was every prospect that Article 13 would involve arduous negotiations with the interested Powers, for reasons which cannot be easily explained without a brief historical account of the foreign communities in Egypt.

**(a) THE POSITION OF FOREIGNERS IN EGYPT, BEFORE AND AFTER
THE MONTREUX CONVENTION OF THE 8TH MAY, 1937²**

It was not only the ill-defined political powers of Great Britain that restricted the freedom of the Egyptian Government before 1936. The extent, probably unparalleled at the time in any other country, to which the economic life of Egypt was under foreign control, constituted a second and equally serious limitation. It was estimated in 1930³ that the foreign capital invested in Egypt amounted to £400,000,000, a figure which represented approximately two-thirds of the total value of the country's cultivable land. The companies in

¹ The *Survey for 1936*, Part V, section (i). The text of the Treaty will be found in *Documents on International Affairs, 1936*, pp. 478–89.

² For the position before the 15th October, 1937, when the Montreux Convention came into force, see J. Y. Brinton, *The Mixed Courts of Egypt* (New Haven, 1930, Yale University Press), and G. Dykmans, *Le Statut contemporain des étrangers en Égypte* (Paris, 1933, Librairie du Recueil Sirey).

³ Dykmans, *op. cit.*, pp. 199–200, quoting from the *Journal of the British Chamber of Commerce*, April 1930.

which this money was invested, like the individual members of the foreign colonies for whose presence in Egypt they were so largely responsible, were exempt from the jurisdiction of the national courts, and enjoyed a peculiar form of fiscal immunity.

Both this privileged position and the economic relationships which that position reflected had a long history. During the middle ages Alexandria was an important *entrepôt* for the West-European trade in spices and other luxury goods from India and the Middle East. They were carried into Western Europe by merchants from the European seaports of the Western Mediterranean, and these cities established permanent colonies in Egypt, as they did in Syria, at Constantinople and on the shores of the Black Sea. Since it was the custom for Muslim Governments to allow their non-Muslim subjects to live under their own laws in respect of all matters that did not concern Muslims or Muslim interests, it was considered natural that the new Western Christian residents in Dārū'l-Islām should be placed on the same footing as the native Christian inhabitants; and judicial immunity was therefore conceded to them as readily as commercial privilege. Such concessions were not then felt to be inconsistent with the dignity of an independent state, for the prevailing conception of law, particularly in the religiously mixed areas of the Levant,¹ was personal rather than territorial. When, therefore, after Egypt had fallen to the Ottoman Turks, Francis I of France concluded with Suleymān the Magnificent, in 1535, the treaty² with which the Ottoman system of Capitulations³ is usually held to begin, the Turks did not feel its clauses to be either novel or anomalous.

¹ It was not only under Muslim Governments that the medieval Italian commercial settlers abroad enjoyed personal and communal extra-territoriality. They lived under the same régime in the East Roman Empire, in the Crusader principalities, and in thirteenth-century Castile and Savoy; and so likewise did the German Hanseatic merchants in the Scandinavian countries and in England. In A.D. 1302 King Edward I anticipated the modern device of a 'mixed court' (see pp. 586-9, below) in order to cope with the problems arising from the conflict between the extra-territoriality of the Hanseatic residents in England and the territorial sovereignty of the English Crown.

² This bilateral treaty extended to the whole of the Ottoman Empire the provisions of a unilateral capitulation which had been granted in 1528 by the Ottoman Government to the French in order to confirm the status enjoyed in Egypt by French residents before the Ottoman conquest of Egypt in 1516-17. In that age, Capitulations were usually granted in the form of unilateral charters. Their incorporation in bilateral treaties did not become the rule until the eighteenth century, when the tide had turned against the 'Osmanlis in their dealings with the Western Powers.

³ The word 'Capitulations' appears to be derived from the capitula, or articles, of the (unilateral) charters under which fiscal and judicial privileges were as a rule conceded.

The French example was quickly followed by other European Powers with commercial interests in the Ottoman Empire, who obtained by unilateral charter the privileges which the French had secured by treaty. The charter of May 1740, in which all existing French capitulatory rights in the Ottoman Empire were confirmed and amplified, set a new standard by which other Powers benefited in virtue of the most-favoured-nation treatment which most of the Capitulations included. And these enlarged privileges were subsequently incorporated in bilateral treaties. By 1914 the number of Powers enjoying capitulatory privileges by treaty had risen to fifteen.¹ At the outbreak of the General War of 1914–18 the Turkish Government declared the Capitulations abolished, and their suppression was subsequently recognized by the Capitulatory Powers in Article 28 of the Treaty of Lausanne. Egypt, however, was unaffected by this step, since, in Article 17 of the Treaty of Lausanne, Turkey renounced all title to sovereignty or suzerainty over that country.² Furthermore, the interpretation put upon the Ottoman Capitulations in Cairo had, since the *de facto* establishment of Egyptian independence under the régime of Mehmed 'Ali (1805–48), diverged considerably from that current in Constantinople. Mehmed 'Ali and his successors, being anxious to enlist European assistance in the modernization of their country, permitted the consular jurisdictions to expand beyond the bounds assigned to them in the texts of the Capitulations. It is this specifically Egyptian variant of the capitulatory régime, based on charters and treaties but modified by usage, that we must here examine.

The principal privileges conferred upon nationals of the Capitulatory Powers by the terms of their charters from, or treaties with, the Porte have been summarized as

the exemption of foreigners from arbitrary taxation, their freedom from searches in their homes without the consent or presence of their consuls, and . . . their right to enjoy very large immunities from the jurisdiction of the Turkish law courts. These latter immunities may be summarized as follows: To the consuls was reserved jurisdiction over

¹ Austria-Hungary, Belgium, Denmark, France, Germany, Great Britain, Greece, Holland, Italy, Norway, Portugal, Russia, Spain, Sweden, and the United States of America.

² This treaty-provision definitively extinguished the Ottoman sovereignty over Egypt which had been terminated provisionally in 1914 by a unilateral declaration of a British Protectorate over Egypt. This British unilateral act, which had been a retort to Turkey's entry into the war of 1914–18 on the side of Great Britain's opponents, had been almost simultaneous with Turkey's unilateral denunciation of the Capitulations, for which she had seized the opportunity offered by the outbreak of war between the Capitulatory Powers.

all disputes between foreigners of the same or different nationality. Consuls also exercised jurisdiction over criminal offences, not involving natives, as well as in all questions of personal status, involving marriage and divorce, testamentary succession, guardian and ward, and kindred questions.¹

Of these three immunities—fiscal, police, and judicial—the first and the last came to be considerably extended by Egyptian usage.

When the capitulatory treaties were concluded, the non-Muslim subjects of the Porte were subject to a capitation tax not paid by the members of the Muslim 'Ascendancy'. The fiscal clauses of the treaties were primarily aimed at exempting West-European residents from this discriminatory imposition, but they were later interpreted in Egypt as denying to the Treasury the right to demand any taxes from the nationals of Capitulatory Powers without the previous consent of their Governments. If the validity of this interpretation was doubtful, it was nevertheless very closely followed in practice. Before 1885 the only contribution, apart from customs and excise duties, which the foreign residents made to Egypt's public revenue was the land tax, the payment of which was held to be a corollary of the right to own land in the country. In that year a convention was signed in London by representatives of the six European Great Powers of the day, agreeing to the levy of a house tax on their nationals in Egypt and recognizing in general terms 'the equity of submitting their subjects in Egypt to the same taxes as natives'. This declaration, however, did not absolve the Egyptian Government from having to secure the consent of the Powers to all direct taxes; and in fact only two such taxes were imposed between 1885 and 1937. In 1890 the Powers approved the institution of an international municipal council in Alexandria, with power to levy taxes on natives and aliens alike; and in 1930 consent was given to an additional rate on urban property for the payment of night watchmen.

It is not easy to estimate the effects of this immunity enjoyed by the wealthy foreign colonies on the fiscal policy of Egypt before 1937. On the one hand the Government, who never attempted to levy a tax from their own nationals alone, were therefore compelled to enter

¹ Brinton, *op. cit.*, p. 7. The original Capitulations also regulated Ottoman tariff policy, but these clauses were modified by separate commercial treaties concluded during the nineteenth century, first by the Ottoman Empire in respect of all its dominions, including Egypt, and later, after the concession of tariff autonomy to Egypt in 1873, by Egypt herself on her own account. The Egyptian Government held that these new agreements abrogated the commercial clauses of the Capitulations; and, although this thesis was challenged, Egypt in fact acquired a complete freedom of action in this field after the expiry of her treaty with Italy in February 1930.

upon complicated diplomatic negotiations as a preliminary to any increase in their revenue from direct taxation. This necessity probably had an inhibitory effect on Ministers of Finance, and therefore contributed to the maintenance of an inequitable incidence of taxation which became increasingly apparent as industry and commerce grew in importance. Derived in a large measure from duties passed on to the consumer, and from a land tax resting mainly on the shoulders of the impoverished *fallāḥīn*, it fell lightly on merchants and manufacturers.¹ There was neither income tax, succession duty, stamp duty nor tax on business turnover; a wealthy merchant might escape from making any direct payment of any kind to the state, and the foreign community was the greatest beneficiary from this anomaly. On the other hand, the Budget displayed weaknesses which could not be attributed to the Capitulations; it was burdened, for example, with the salaries of a large number of unnecessary officials, and the assessment of the land tax was unduly favourable to the large proprietors. Even without the capitulatory restrictions, furthermore, it would not have been possible to institute a modern fiscal system in Egypt. An income tax, in particular, could not have been imposed without great difficulty in a country where methods of account-keeping were still so primitive.²

Little need be said of the second privilege accorded by the Capitulations. Inviolability of domicile was interpreted as involving an obligation on the Egyptian police to give reasonable notice of any search that they proposed to make in the house of a foreigner to the latter's consul, who was privileged to send a representative if he so desired.³ In practice this right was seldom abused.

It was the judicial clauses of the Capitulations which were most remarkably expanded in Egypt by usage. They had assigned civil suits arising between foreigners of the same nationality to their respective consuls, together with criminal cases not involving persons of a second nationality. Procedure between foreigners of different

¹ In the financial year 1936-7 customs receipts amounted to £E.18,158,000, or more than 50 per cent. of a total revenue of £E. 35,153,000. Direct taxation (land, buildings, and the *ghaffir* tax) accounted for only £E. 6,975,000. These figures are taken from the *Report on Economic and Commercial Conditions in Egypt* (Department of Overseas Trade, No. 676, May 1937), pp. 26-7. Its author comments that 'with Capitulations in force it has been difficult for the Egyptian Government to find fresh sources of revenue, a factor which has tended towards a low basis of taxation'.

² At the moment of writing, however, the Egyptian Government were proposing to introduce an income tax together with an inheritance tax and a stamp duty.

³ Brinton, *op. cit.*, p. 318 and *n.*, where alternative definitions are cited.

nationalities was not clearly defined, but in practice cases of this type went to the defendant's consul, in accordance with the maxim *Actor sequitur forum rei*. Disputes between foreigners and Egyptians, and crimes committed by foreigners against Egyptians, however, had to be tried in the territorial courts, with the single guarantee of the presence of a dragoman from the foreigner's consulate. This stipulation for the participation of their representatives in mixed cases involving Egyptians enabled the consuls to encroach on the jurisdiction of the National Courts until they finally succeeded in establishing a customary right to try all civil suits in which foreigners were implicated, and all criminal charges against them.

The jurisdiction which determines the relations between Europeans and the Government of Egypt and the inhabitants of the country [Nubar Pasha wrote in a report presented in 1867 to the Khedive Ismā'il], is no longer based on the Capitulations. The Capitulations exist only in name. They have been replaced by an arbitrary law of custom, varying with the character of each new diplomatic chief—a law based upon precedents frequently abusive, which has been permitted to take root in Egypt through force of circumstances and constant pressure and a desire to make easy the lot of the foreigner.¹

The result of this encroachment was a judicial chaos. To mention the most striking of the resulting inconveniences, parties to a contract could not know, when they signed it, under what law a case arising from it might eventually be tried; if defendants to an action were of different nationalities, proceedings would have to be taken in more than one court; and if a defendant appealed against an adverse verdict, the plaintiff was faced with the problem of pursuing his claims in Rome, Paris, London, or even farther afield.

Attempts had been made, from 1820 onwards, to simplify this tangle of jurisdictions by creating courts of mixed composition. In 1861 two Commercial Courts at Cairo and Alexandria, each consisting of three Egyptian and two foreign members, were reorganized to deal with commercial cases in which the defendant was an Egyptian national. This precedent was the starting-point for the more sweeping reforms advocated, and in part carried out, by Ismā'il's Foreign Minister, Nubar Pasha. His object was to utilize the principle of mixed composition as a safeguard which should induce the Capitulatory Powers to accept in Egypt the judicial implications of territorial sovereignty. Before the International Commission sitting in Cairo in 1869, he proposed the transference to Mixed Courts, with a majority of European judges, of jurisdiction over all criminal offences, whether committed by foreigners or by Egyptians, over all commercial dis-

¹ Cited by Brinton, *op. cit.*, p. 14.

putes, and over civil cases arising between litigants of different nationality. As Nubar Pasha was prepared to allow Egyptians to opt for the new courts in civil cases also, it is clear that these proposals would have gone far towards establishing a unified judicial system, dependent on the Egyptian Government, but with a guaranteed preponderance of foreign judges. They would have abolished a large part of the Capitulations while retaining those guarantees of impartial justice which were recognized as essential to the further co-operation of European capital and enterprise in the economic revival of Egypt. The foreign colonies, however, viewed the scheme with suspicion, and their Governments insisted on modifications. As it was finally promulgated in 1875, the *Règlement d'Organisation Judiciaire*¹ embodied reforms which, if more modest than Nubar Pasha's original conception, nevertheless marked a turning-point in the judicial history of modern Egypt.

The *Règlement* of 1875, as subsequently amended, set up three District Tribunals, at Alexandria, Cairo, and Mansūrah, with a Court of Appeal sitting in Alexandria. The composition of these courts in 1937 was as follows:²

	<i>Egyptian Judges</i>	<i>Foreign Judges</i>
Court of Appeal	6	10
Cairo Tribunal	8	17
Alexandria Tribunal	6	10
Mansūrah Tribunal	3	7
Total	23	44

The *Règlement* placed the appointment of judges in the hands of the Egyptian Government, but they were not removable except by the Court of Appeal, and the proportion of foreign judges was fixed. The latter, furthermore, were to be appointed after consultation with the Ministers of Justice of the countries from which they came. Separate understandings guaranteed a minimum representation to each Capitulatory Power, and it was a generally accepted principle that no one nationality should enjoy an undue preponderance; but the Egyptian Government were not limited in their choice to the nationals of Capitulatory Powers.

These tribunals were given jurisdiction over all civil and commercial litigation between foreigners of different nationality and

¹ The *Règlement*, though in form a statute, was regarded as a treaty by both the national and the mixed Courts of Appeal. Originally valid for five years, it was renewed periodically until 1921, when the powers of the Mixed Tribunals were prolonged for 'an indefinite period'.

² *The Manchester Guardian*, 12th April, 1937.

between foreigners and Egyptians. Their power extended to foreign litigants of identical nationality in all cases concerning land held in Egypt. In the sphere of criminal jurisdiction Nubar Pasha met with a more uncompromising resistance, and although a comprehensive penal code was adopted, it was never put into operation. The Mixed Tribunals were only empowered to deal with police offences committed by foreigners (for which the maximum penalties were a fine of £E.1 or one week's imprisonment), and with 'felonies and offences committed directly against the judges, the jury and the officers of justice, in the performance of, or on the occasion of the performance of, their duties'. Apart from these restricted categories of case, the consuls continued to exercise their jurisdiction over all penal offences committed by foreigners.¹ The Consular Courts also retained, after the Judicial Reform of 1875, civil actions, other than those involving land, between foreigners of the same nationality, and questions of personal status.² Broadly speaking, it may be said that the effect of the Judicial Reform was to restrict the rights exercised in virtue of the Capitulations, while conceding new privileges to the nationals of non-Capitulatory Powers. This latter, and perhaps unforeseen, effect resulted from decisions of the Mixed Tribunals that they were open to the nationals of all foreign Powers. Foreign residents who had never enjoyed consular protection were thus removed from the jurisdiction of the Native Courts³ in civil suits and police offences, while remaining amenable to them for the more serious crimes.

As the organization of the Mixed Courts followed French models, so the codes which they administered were based on the Code Napo-

¹ Offences against the bankruptcy laws were transferred to the Mixed Tribunals in 1900.

² *Statut personnel* was defined in Article 28 of the revised *Règlement* adopted at Montreux as comprising 'suits and matters relating to the status and capacity of persons, legal relations between members of a family, more particularly betrothal, marriage, the reciprocal rights and duties of husband and wife, dowry and their rights of property during marriage, divorce, repudiation, separation, legitimacy, recognition and repudiation of paternity, the relation between ascendants and descendants, the duty of support as between relatives by blood or marriage, legitimation, adoption, guardianship, curatorship, interdiction, emancipation, and also gifts, inheritance, wills and other dispositions *mortis causa*, absence and the presumption of death'. (*Cmd.* 5491 of 1937, p. 44.)

³ As the Mixed Courts were also Egyptian, this term is used to distinguish the ordinary territorial courts. It is perhaps worth while to make it clear—since this distinction is frequently obscured—that the Mixed Tribunals were not part of the capitulatory régime. They were devised as a limitation of it; they were Egyptian and not international courts; and they had jurisdiction over foreigners not protected by Capitulations.

léon.¹ Modified in drafting to suit Egyptian conditions, the French law was more closely adapted to its new background by the gradual process of interpretation. The Regulation instructed judges, 'in case of silence, insufficiency and obscurity of the law', to 'follow the principles of natural law and equity', but omitted to institute any procedure for the future amendment of the codes. Although Article 12 of the Civil Code provided that additions and modifications might be made by the Government, with the approval of the judicial corps, the silence of the Regulation gave rise to difficulties. Before 1875 the judicial immunity of foreign residents had been such that the bulk of Egyptian legislation in no way affected them, and the Powers now held their explicit consent to be necessary before their nationals could be bound by Egyptian laws or decrees. It followed that the mixed codes could not be amended without the unanimous consent of the Capitulatory Powers, so that any one of fifteen Governments might veto a proposal regarded as necessary by the other fourteen, together with the Government of Egypt and the judicial corps. A way out of this unfortunate position was not found until 1911, when an agreement was reached for the establishment of a Legislative Assembly consisting of the members of the Court of Appeal, together with the senior district judge from each capitulatory state not represented on the Court. This body was empowered to approve such additions and modifications to the 'mixed law' as should be submitted to it by the Egyptian Minister of Justice.² It could not, however, pass any amendment to the *Règlement* of 1875, and it was held to be incompetent to endorse measures contravening the fiscal immunity of foreigners.

This was the situation when Ottoman sovereignty over Egypt was extinguished provisionally by the unilateral declaration of a British protectorate over Egypt in 1914 and definitively by the coming into force of the Peace Treaty of Lausanne on the 6th August, 1924. The Capitulations were still valid except in so far as they had been modified by the Judicial Reform of 1875, and both the consular jurisdictions and the Mixed Tribunals provided foreign Powers with a legal foothold in Egypt.³ The precise definition of these rights was a

¹ The cultural influence of France had been strong in Egypt for centuries. It was further extended in 1883, when the Native Courts were reorganized on the pattern of the Mixed Tribunals. And in the proceedings of the latter French became the exclusive language, although the *Règlement* permitted the use of English, Italian and Arabic.

² The Court of Appeal had received, in 1889, power to approve police regulations.

³ The capitulatory system did not extend to the Sudan. The jurisdiction of the Mixed Tribunals originally covered that territory, but was excluded after its reconquest in 1898.

matter of some difficulty, and the treaties of 1919-23 added to its complexity. A first effect of these, and of the Russian Revolution, was to reduce the number of Capitulatory Powers from fifteen to twelve. Germany renounced her Capitulations by Article 147 of the Treaty of Versailles; Austria and Hungary, under the treaties of St. Germain and Trianon respectively, abandoned the privileges formerly enjoyed in Egypt by the subjects of the Dual Monarchy; and Russia, by the severance of consular relations after 1917, lost the essential condition of her capitulatory status.

Besides the nationals of the twelve states remaining there were other claimants to consular protection in post-war Egypt. The Treaty of Berlin, in 1878, had conceded to Rumanian citizens the rights exercised by other Europeans in the Ottoman Empire, and Rumania had since claimed to rank as a Capitulatory Power. In 1906, when the Government of Brazil established consular representation in Egypt, they were tacitly permitted to open courts, and Swiss nationals were entitled to claim the protection of other Powers. In 1925 and 1929 Germany and Austria signed treaties with Egypt which, without renewing the Capitulations, provided for the restoration of consular jurisdiction within certain limitations.¹

The Mixed Courts involved wider interests. It has been seen above that, although they came into existence by the collective consent of the Capitulatory Powers, their jurisdiction extended over all non-Ottoman residents in Egypt. The definitive extraction of Egypt from the Ottoman Empire in 1924, together with the almost simultaneous metamorphosis of the remnant of that Empire into a Turkish Republic, left obscure the status, in Egypt, of both Turkish nationals and the nationals of successor states of the now defunct Ottoman Empire other than Turkey and Egypt themselves. Decisions of the Court of Appeal, rendered in May 1929, excluded from the jurisdiction of the Mixed Tribunals all nationals of Turkey and of states which had formed part of the Ottoman Empire in 1875, with the exception of those—notably Bulgaria—which had meanwhile established their subjects' right to invoke this jurisdiction. At the same time the Egyptian Government declared that they did not intend to question the jurisdiction of the Mixed Tribunals over the nationals of either the ex-Capitulatory Powers or their successor states.²

¹ The Native Courts were to retain jurisdiction over Austrian and German nationals employed in the public services, or accused of crimes affecting the security of the Egyptian state. And the consular protection accorded by these treaties was to terminate as soon as a general judicial reorganization should take effect.

² It should be noted that the composition of the Mixed Tribunals was not

When, in December 1914, Egypt was unilaterally declared a British Protectorate, there was some support for the view that the Capitulations might be regarded as *ipso facto* abrogated. The British Government, however, contented themselves with announcing that the revision of these treaties might most conveniently be postponed until the end of the war that was then in progress. It was generally expected that this 'revision' would consist of the abolition of the Consular Courts, and that the entire judicial system would be reconstructed; but Egyptian opinion was not prepared for the large measure of anglicization proposed by the Mixed Commission which was appointed to consider these problems in 1917. This body, in which the moving spirit was Sir William Brunyate, recommended a unification of the three jurisdictions then exercised by the consulates, the Mixed Tribunals, and the Native Courts, and suggested certain anglicizations of law and procedure. The project pleased neither the foreign communities nor the Egyptian Nationalists, and it was withdrawn in favour of the simpler solution of transferring the jurisdiction of the consulates to the Mixed Courts. It was this suggestion which formed the basis of three further attempts, made between 1919 and 1930, to unravel the judicial tangle in Egypt.

The first was the work of Sir Cecil Hurst, a member of the Mission sent to Egypt under Lord Milner, in 1919, to make recommendations on the future government of the country. The first step contemplated in Sir Cecil Hurst's programme was the surrender of the Capitulations to Great Britain, which would thus become the trustee of all foreign rights in Egypt. This was unacceptable to both Egypt and the third parties chiefly concerned, with the result that the judicial problem was still unsolved when the British Government issued their unilateral declaration of the 28th February, 1922, pronouncing Egypt to be an independent sovereign state.¹ 'The protection of foreign interests in Egypt' therefore appeared as one of the four reserved questions on which the British Government retained their freedom of action until a mutually satisfactory treaty should have been negotiated.

In the draft treaties resulting from the conversations which were opened in 1927, and again in 1929, the British rôle was reduced to that of giving diplomatic support to the Egyptian Government,

necessarily affected by the loss of capitulatory rights on the part of certain Powers. Swiss judges had always sat; Rumania, though not recognized as a Capitulatory Power, provided commercial assessors to the Tribunal at Cairo, as did Persia at Alexandria; and the Russian judges retained their seats after 1917. A German judge was appointed to the Cairo Tribunal in 1927.

¹ See, for the circumstances of this declaration, *The History of the Peace Conference of Paris*, Vol. VI, Chapter i, Part IV.

who were to submit to the Capitulatory Powers a project on lines previously agreed with Great Britain. Thus Article 9 of the draft treaty on which Sir Austen Chamberlain and Sarwat Pasha reached agreement in 1928, but which was then repudiated by the Wafd, ran as follows:

His Britannic Majesty undertakes to use all his influence with the Powers possessing capitulatory rights in Egypt to obtain the modification of the capitulatory régime now existing in Egypt, so as to make it conform more closely with the spirit of the times and with the present state of Egypt.¹

An explanatory note defined the proposed modification, which consisted principally in transferring to the Mixed Tribunals all consular jurisdiction except over matters of personal status; the Powers were to have the option of retaining jurisdiction over these. A British Judicial Adviser was to be kept informed of all matters relating to the administration of justice in which foreigners were concerned, and this safeguard was to be extended to foreigners who did not fall within the jurisdiction of the Mixed Tribunals.

The negotiations of 1929–30 resulted in two further concessions to the Egyptian point of view. The agreed text of Mr. Arthur Henderson's note to Nakhās Pasha on the subject of the Capitulations contained no mention of the Judicial Adviser, and it provided for an extension of the legislative competence of the General Assembly of the Mixed Courts to cover Acts imposing taxation on foreigners. Thus the only measures for which the Egyptian Government would still have to apply for the consent of the Powers were amendments to the constitution of the Mixed Tribunals.²

These discussions, like those of 1927–8, ended in failure, and it was not until the Anglo-Italian crisis in the autumn of 1935 that a final settlement of the relations between Great Britain and Egypt began to appear so vitally important to both countries that the earlier obstacles to an agreement could be overcome. These obstacles had not included the interwoven problems of Capitulations and Mixed Courts, and it might therefore have been anticipated that the relevant article in the treaty of the 26th August, 1936, would follow the main lines of the earlier drafts. Those drafts, however, had marked successive stages of concession to the Egyptian desire for complete independence, and this process was startlingly accelerated in 1936.

¹ Text in *Documents on International Affairs, 1928*, pp. 245–54. For the negotiations of 1927–8 see the *Survey for 1928*, Part III B, section (i).

² For the draft treaty and notes of 1930 see *Documents on International Affairs, 1930*, pp. 214–19. The negotiations are described in the *Survey for 1930*, Part III, section (ii).

The new policy was summarized in the first clause of the Annex to Article 13:

It is the object of the arrangements set out in this Annex

(i) To bring about speedily the abolition of the Capitulations in Egypt, with the disappearance of the existing restrictions on Egyptian sovereignty in the matter of the application of Egyptian legislation (including financial legislation) to foreigners as its necessary consequence;

(ii) To institute a transitional régime for a reasonable and not unduly prolonged period to be fixed, during which the Mixed Tribunals will remain and will, in addition to their present judicial jurisdiction, exercise the jurisdiction at present vested in the Consular Courts.

At the end of this transitional period the Egyptian Government will be free to dispense with the Mixed Tribunals.

Whereas, therefore, all earlier proposals had envisaged the transference of the consular jurisdictions to the Mixed Tribunals, they were now, after a brief interval, to pass to the Native Courts. Furthermore, this clause provided for the total abolition not only of the judicial privileges of foreigners resident in Egypt, but of their legislative immunity as well. The draft treaty of 1930 had insisted on the assent of the General Assembly of the Mixed Courts before Egyptian legislation could be applied to foreigners. Under the treaty of 1936 even that safeguard would be swept away.¹ All that remained was the declaration, made by the Egyptian Government in Clause 6 of the Annex, that legislation applied to foreigners would not be 'inconsistent with the principles generally adopted in modern legislation', or discriminatory, in fiscal matters, against foreigners or foreign corporations.²

Clauses 2-4 of the Annex, while providing, as earlier proposals had done, for obtaining the consent of the interested Powers to the proposed judicial reorganization, ended with the threat of more drastic action:

2. As a first step, the Egyptian Government will approach the

¹ This was explicitly stated in Clause 5 of the Annex to Article 13.

² The extent to which these provisions outran even the earlier ambitions of Egyptian Nationalists may be seen by comparing them with a declaration made by Zaghlûl Pasha in 1919:

Dans une Égypte qui réclame son entière indépendance et qui place au premier rang des engagements qu'elle prend à la face du monde le respect scrupuleux des droits des étrangers, le maintien des Juridictions Mixtes, avec une compétence élargie quant aux affaires pénales, constitue pour nous, avec le pouvoir législatif des Chambres réunies de la Cour d'Appel Mixte, la clef de voûte de l'édifice capitulaire future.

The revision, in 1936, of the draft agreement of 1930 was due to the British Government's desire to reopen the military question, and the concessions made to Egypt on the judicial issue were part of the price paid by Great Britain for the consolidation of her strategic position in the Nile delta.

Capitulatory Powers as soon as possible with a view to (a) the removal of all restrictions on the application of Egyptian legislation to foreigners, and (b) the institution of a transitional régime for the Mixed Tribunals as provided in paragraph 1 (ii) above.

3. His Majesty's Government in the United Kingdom, as the Government of a Capitulatory Power and as an ally of Egypt, are in no way opposed to the arrangements referred to in the preceding paragraph and will collaborate actively with the Egyptian Government in giving effect to them by using all their influence with the Powers exercising capitulatory rights in Egypt.

4. It is understood that in the event of its being found impossible to bring into effect the arrangements referred to in paragraph 2, the Egyptian Government retains its full rights unimpaired with regard to the capitulatory régime, including the Mixed Tribunals.

In accordance with these provisions the Egyptian Government, on the 16th January, 1937, invited the Capitulatory Powers to a Conference which was to meet at Montreux on the 12th April. The drafting of this invitation followed upon consultations, earlier in the month, between the legal advisers of the Egyptian Cabinet and Mr. W. E. Beckett of the Legal Department of the Foreign Office; it was the first fruit of that 'active collaboration' for which the treaty provided, and of which there was to be further evidence at Montreux.

Representatives were sent to the Conference by the Government of Egypt and by the twelve Capitulatory Powers, together with the Union of South Africa and the Irish Free State. Captain Euan Wallace, the leader of the British delegation, also represented the Governments of Australia, India, and New Zealand, while the Conference took note of a letter from the Canadian High Commissioner in London, declaring that his Government would accept the provisions of any convention signed and ratified by the other members of the British Commonwealth of Nations. The French delegation was requested to look after the interests of Czechoslovakia and Jugoslavia.

The Powers, apart from Egypt, most interested in the outcome of the Montreux Conference were France, Italy, Greece, and Belgium. The British interest in Egypt was primarily strategic, and had already been satisfied by the treaty of 1936. Greece and Italy were responsible for the future of the largest of the foreign communities in the Nile delta, numbering 76,000 and 53,000 respectively.¹ France had a smaller colony of 25,000, but her material and cultural interests were vastly more important than those of any other nation. It was

¹ Figures given by Monsieur Georges Meyer in *Le Temps*, 3rd April, 1937.

estimated that three-fifths of the foreign capital invested in Egypt was French,¹ and there were 120 French schools which, with their 42,000 pupils, played a distinguished part in the educational life of the country. The form in which Western culture had impressed itself on Egypt was distinctively French, and France had a longer history of contact with the Nile Valley than any other European Power. Belgian capital, finally, shared with French the control of the greater part of Egypt's public utility undertakings.

Each of these Powers would be influenced by the opinion of its nationals in Cairo and Alexandria, and their understandable anxiety for the future was unfortunately stimulated by the attitude of certain sections of Egyptian opinion to the forthcoming Conference. In particular, the extreme nationalism and xenophobia of the university students found expression in an attempt, which gave rise to rioting in Cairo on the 18th March, 1937, to hold a congress for the purpose of indicating to the Government what demands they should put forward at Montreux. Among the more alarming manifestations of anti-European feeling was a movement, originating in the University of Al Azhar, for a return to the old Muslim legal system of the *Shari'ah*, which was based on the *Qur'ān* and traditions. This tendency was illustrated in a speech made by the Dean of the Faculty of Law in the Egyptian University. 'Revenons', he said, 'dans notre enseignement juridique, à la législation musulmane; qu'elle soit le lien entre nous et les autres nations arabes.'² On the other hand, the Capitulatory Governments presumably reflected that nothing would be more likely to intensify this feeling than an intransigent attitude on their part at Montreux.

The points at which they were likely to contest the Egyptian claims were fairly clear before the Conference assembled. The termination of the Capitulations was generally accepted as inevitable, and the attention of the delegates was focused on the character and duration of the transitional period which was to follow their abolition and to postpone, for a time, their eventual replacement by the jurisdiction of the Native Courts. The intentions of the Egyptian Government on the subject of this transitional period had been elucidated in a second circular which was handed to the Legations in Cairo on the 3rd February.³ The first three articles of this memorandum proposed the transference, for an interim period the duration of which was

¹ According to the same authority, 30,000,000,000 francs out of a total foreign investment of 50,000,000,000. (*Le Temps*, 21st February, 1937.)

² Quoted in *Le Temps*, 29th March, 1937.

³ Text in *Actes de la Conférence des Capitulations* (published by the Egyptian Government in May 1937), p. 3 n.

unspecified, of all consular jurisdiction to the Mixed Tribunals. This was in accordance with the Annex to Article 13 of the Anglo-Egyptian Treaty, except that paragraph 7 of that Annex had stated that consideration would be given to the possibility of leaving questions of *statut personnel* in the hands of the consuls. The eleventh article of the memorandum also followed the treaty in depriving the General Assembly of the Mixed Court of its right to pronounce on the applicability of Egyptian laws to foreigners. The remaining articles covered matters of detail which had not appeared in the treaty. They attempted to define the precise frontiers of the temporary jurisdiction to be exercised by the Mixed Tribunals, and in so doing they raised three thorny problems.

It had been noted in the Annex to Article 13 of the treaty that it would be advisable, in establishing the transitional régime, to state clearly what was meant by the term 'foreigners'. The Egyptian memorandum of the 3rd February, 1937, included in that category the citizens, but not the 'subjects' or 'protégés', of the twelve capitulatory states, together with Switzerland, whose nationals had always enjoyed extraterritorial rights; Germany, Austria, and Hungary, as ex-Capitulatory Powers;¹ and Poland, Czechoslovakia, Yugoslavia, and Rumania, as countries whose territory, or part of it, had lain before 1914 within the frontiers of a Capitulatory Power. This definition was appreciably narrower than the meaning customarily attached to the word 'foreigner' in the existing charter of the Mixed Tribunals, by reason both of the states that it excluded and of the categories into which it divided the nationals of those states whose rights it recognized. The nationals of all states which did not form part of the Ottoman Empire in 1914 had hitherto been able to invoke the jurisdiction of the Mixed Courts, but as the Capitulatory Powers alone were parties to the establishment of that jurisdiction, other Governments were not in a position to dispute this emendation. The suggested exclusion of 'subjects' and 'protégés' was more serious, for it would involve a loss of status for all foreign residents in Egypt whose countries of origin were certain African parts of the French and the Italian Empire—i.e. Morocco, Algeria, Tunisia, Libya, and Ethiopia—except for the tiny minority among them who were respectively French or Italian citizens.² The leader of the French

¹ It will be noted that Russia does not appear in this list. Diplomatic relations had not, at the time of writing, been established between Egypt and the U.S.S.R.

² Though the northern part of Algeria was mapped, at this time, into three departments which ranked juridically as integral parts of the metropolitan territory of France, a census taken in 1936 showed that only 978,297 out of

delegation, Monsieur François de Tesson, declared at the opening session of the Conference that his Government could not accept any differentiation between the peoples under its rule.

The second controversy provoked by the Egyptian note concerned the intricate question of 'mixed interests'. Although the text of the *Règlement* defined the competence of the Mixed Tribunals in terms of the nationality of the parties to a suit, so that they were only entitled to hear cases arising between a foreigner and a native, or between foreigners of different nationality, they subsequently asserted their jurisdiction over all suits in which a 'mixed interest' was involved, even when the parties immediately concerned were compatriots. Thus in a case of bankruptcy the existence of a single creditor whose nationality differed from that of the bankrupt was sufficient for the case to be heard in a Mixed Tribunal. Similarly all litigation involving joint-stock companies registered in Egypt, but wholly or partially controlled by foreign capital, had passed into the sphere of these courts. This development greatly contributed to the confidence necessary for the investment of foreign capital, and may thus be said to have been of great benefit to Egypt. And at the same time it enabled foreign capital to make the best of both worlds, since by registering in Egypt a British-owned or French-owned company escaped heavy taxation, while remaining exempt from control by the Native Courts.¹ The operation of this doctrine of 'mixed interest' gave the Mixed Tribunals a practical monopoly of bankruptcy cases and commercial litigation. This in turn led to a feeling of doubt, in the cosmopolitan business world of Lower Egypt, as to the competence of the Native Courts to take over these branches of jurisdiction. There was, therefore, a general outcry against the Egyptian Government's proposal to enforce the letter of the *Règlement* of 1875, which would mean that, for example, a dispute between

6,592,033 inhabitants of these three departments were French citizens. The remaining 5,613,736 were merely French 'nationals' (i.e. subjects). See pp. 491 and 493, above.

¹ In 1928 the Egyptian Government published statistics relating to all corporations having their principal sphere of activity in Egypt on the 31st December, 1925. These were divided as follows:

<i>Nationality.</i>	<i>No. of Companies.</i>	<i>Total Capital.</i>
Egyptian	151	£E. 87,000,000
British	30	£E. 12,500,000
Belgian	11	£E. 4,200,000
French	3	£E. 1,200,000

(Quoted in Brinton, *op. cit.*, p. 106 n.) Most of the capital of the companies classified as Egyptian was foreign, and it is evident that nearly the whole of the French capital in Egypt was invested in these.

the Suez Canal Company and an Egyptian national would be heard, even during the transitional period, by a Native Court.

The memorandum of the 3rd February proposed not only to restrict the competence of the Mixed Tribunals, but also to modify their composition. It suggested that, as vacancies occurred on the mixed bench during the transitional period, they should be filled by Egyptians, irrespective of the nationality of the deceased or retiring judge. This would abrogate the existing rule under which the proportion of Egyptian to foreign judges must remain constant, so that the submission of the foreign community to a preponderantly Egyptian judiciary might take place even before the closing of the Mixed Courts.

These fears, all of which related to a period that was not expected to last for more than twenty years, might seem to be exaggerated. The Conference which opened at Montreux on the 12th April, 1937, presented the paradoxical spectacle of plenipotentiaries unhesitatingly signing away Capitulations which had existed for centuries, and proceeding to a strenuous contest over the details of the ephemeral régime which was to soften the blow of their termination. The disagreements which prolonged the labours of the Conference related to five main issues: the duration of the transitional period; the personnel of the Mixed Courts during that period; the suggested transference to them of matters of personal status; and the proposed exclusion from their competence of both mixed interests and the protected subjects of Imperial Powers.

The Egyptian Premier, Nakhās Pasha, who was to lead his Government's delegation at Montreux, attempted to secure the preliminary backing of all the Egyptian political parties for his policy there. The minority groups, wishing to retain their freedom of criticism, declined his invitation to a conference, but the Chamber, after listening to an *exposé* of his intentions, gave him a unanimous vote of confidence on the 31st March. His position, therefore, with no dangerous opposition at home, and with the fourth paragraph of the Annex to Article 13 of the Anglo-Egyptian Treaty as his ace of trumps, was a strong one. He took to the Conference the bases for its work, in the shape of drafts for a Convention abolishing the Capitulations, and for a revised *Règlement d'Organisation Judiciaire* governing the conditions under which the Mixed Tribunals were to operate during the interim period.¹ He could be confident that, although he might

¹ The texts of the Egyptian drafts were printed in the *Journal des Nations*, 13th and 14th April, 1937; also in the *Actes de la Conférence des Capitulations*, pp. 217-24.

have to withdraw his more extreme claims, some of which had perhaps been inserted for bargaining purposes, he would carry his texts without substantial alteration. The delegation likely to press most urgently for amendments was that of France, as the Power with the most substantial interests at stake. And in fact the Conference resolved itself at one stage into a bilateral negotiation between Nabhās Pasha and Monsieur de Tessan.

At the first meeting on the 12th April Nabhās Pasha was unanimously elected to the Presidency, with Monsieur Aghnides, of the League Secretariat, as Secretary-General. The Conference then divided its work between two Committees which, after a meeting for introductory speeches on the 13th, took the place of the plenary sessions until the final texts were ready for signature. The first, or General, Committee met under the Presidency of Monsieur Politis (Greece) to consider the Egyptian draft Convention; while the draft *Règlement d'Organisation Judiciaire* was submitted to the Judicial Organization Committee, presided over by Hr. Hansson (Norway).

The two drafts were based on the principles outlined in the memorandum of the 3rd February, and the controversies to which that document gave rise have already been mentioned. The task of the Conference, in bridging the gulf between the Egyptian and the European points of view, was greatly facilitated by the peculiar position of the British delegation, which made it a natural mediator. The discussions fell into two periods. In the first, which lasted from the 13th and 14th April, when the two Committees met for the first time, to the 24th, when the Committee on Judicial Organization adjourned, rapid progress was made by way of shelving the issues on which dissension was greatest. In the second, the General Committee did little more than endorse the agreements reached by Nabhās Pasha and Monsieur de Tessan on the two or three crucial issues.

In the first few days the General Committee reached agreement on two disputed points. An amendment to the draft Convention,¹ allowing the consuls of the High Contracting Parties to maintain their courts, for matters of personal status, until the end of the transitional régime, was proposed by the delegates of Great Britain, France, Italy, and Greece, and accepted by the Egyptian delegation.²

¹ Article 9 of the final text. The texts of the Final Act of the Conference, the Convention, the *Règlement d'Organisation Judiciaire* and the unilateral declaration of the Egyptian Government will be found in the British parliamentary paper Cmd. 5491 of 1937. The text of the Convention and of the Egyptian Government's declaration will also be found in *Documents on International Affairs, 1937*, vol. i.

² Governments wishing to exercise this right were obliged to notify the

The British delegation also proposed to incorporate into the Convention a clause modelled on paragraph 6 of the Annex to Article 13 of the Anglo-Egyptian Treaty.¹ But whereas that paragraph had been a simple declaration of intention by the Government of Egypt, it would now, if adopted, take the form of a treaty obligation. The Egyptian plenipotentiaries protested that it would constitute, in effect, a new Capitulation imposed on Egypt at a time when the capitulatory principle was being formally abrogated. They were prepared to reaffirm their unilateral declaration that the Egyptian Government had no intention of pursuing any policy of discrimination against foreigners, and the Committee finally agreed to insert the British clause for the transitional period only, relying on the Egyptian declaration thereafter. The clause ran, therefore, as follows:

It is understood that the legislation to which foreigners will be subject will not be inconsistent with the principles generally adopted in modern legislation, and will not, with particular relation to legislation of a fiscal nature, entail any discrimination against foreigners or against companies incorporated in accordance with Egyptian law wherein foreigners are substantially interested.

The immediately preceding paragraph, in so far as it does not constitute a recognized rule of international law, shall apply only during the transitional period.²

The purpose from which the Conference derived its title, that of abolishing the Capitulations, was accomplished without opposition.³ It was the duration of the interim period before the Mixed Courts also should disappear that caused the greatest dissension in the General Committee. On the one side France, Italy, and Belgium pressed for a term of eighteen years. Egypt, on the other, advocated a term of twelve years and had the backing of Great Britain, the United States, and Portugal. It was in any case difficult for the General Committee to make up its mind how long the régime should last until its character had been made clear, and that was the task of the Judicial Organization Committee. The General Committee, after adopting Article 2 on the 23rd April, would thus have had to mark time if its partner had not simultaneously reached a similar *impasse*.

The Committee on Judicial Organization also had two early successes to its credit. Article 22 of the draft *Règlement*⁴ permitted foreigners normally subject to the Mixed Tribunals to submit themselves, either explicitly or tacitly, to the jurisdiction of the Native Egyptian Government of their intention when they ratified the convention. The Irish Free State and the Union of South Africa did not reserve this jurisdiction. (*British Year Book of International Law*, 1938 (Oxford University Press, 1938), p. 195.)

¹ See above, p. 593.

² Article 2, second and third paragraphs.

³ Article 1 of the Convention.

⁴ Article 26 of the final text.

Courts in civil and commercial matters. This clause was sent to a sub-committee, which recommended that it should be adopted only if the Egyptian Government were willing to make a declaration promising not to introduce into their contracts with foreigners any clause binding them to accept the jurisdiction of the Native Courts.¹ The Egyptian representative gave the required undertaking, and the clause was carried. The same meeting saw an important concession on the subject of mixed interests. The original Egyptian proposal to exclude them from the competence of the Mixed Tribunals had evoked strong protests, and the British delegation had proposed a compromise whereby the existing practice should be retained in cases of bankruptcy and in suits involving corporations already in existence. Companies registered in Egypt after the new *Règlement* had come into effect were to be under the jurisdiction of the Native Courts.² Badawī Pasha's speech of the 20th April accepting this amendment earned him the thanks of Monsieur de Tesson, who had just returned from Paris and was thought to have received amended and more conciliatory instructions. Direct Franco-Egyptian conversations began on the same day, and there was a general feeling of optimism both at Montreux and on the stock markets of Cairo and Alexandria, where news of the Egyptian concessions, on *statut personnel* and more especially on mixed interests, caused a strong upward movement.

Meanwhile the Committee on Judicial Organization, like the General Committee, was discovering the impossibility of finishing its task without the co-ordination of the two texts. Its first discussions had turned on the personnel of the Mixed Court and Tribunals during the interim period. The Egyptian delegation conceded that the proportion of foreign judges on the Court of Appeal should not be altered, but urged that its Presidency, together with those of the District Tribunals, should be open to Egyptians. A British amendment, excluding the President of the Court from this provision, was carried, with another insisting that the Procureur Général should also be a foreigner.³ Granted these safeguards, the British delegation

¹ This assurance covered contracts made by public administrations and municipalities.

² Articles 34 and 35 of the final text.

³ Articles 4 and 16 of the *Règlement*. The Procureur Général presided over the Parquet, which, under the new *Règlement*, had functions of great importance to the foreign residents. It was to give an opinion on the application to foreigners of the provisions in the Criminal Code for the remission and commutation of sentences (Art. 21); to supervise prisons in which foreigners were detained (Art. 22); to be notified at once of the detention of any foreigner and to send him before a magistrate or procure his release within four days (Art. 49); and to send a representative to all domiciliary searches of the houses of foreigners (Art. 47).

was willing to accept the proposal to fill all vacancies occurring on the District Tribunals with Egyptian judges. The French suggested a division of the interim period into three stages, with a gradual increase in the Egyptian membership of the Tribunals. In reply to this Egypt offered to accept a stipulation that there should be a minimum foreign representation of one-third throughout the transition, and again she was backed by Great Britain, while the other European delegations supported the French.

Each Committee, therefore, had split along the same line, and the questions on which the split had come were closely interconnected, the significance of the provisions for the replacement of judges being as strictly dependent on the length of the interim period as that in turn was dependent on the safeguards that it offered to the foreign communities. On the 24th April, therefore, the Judicial Organization Committee concluded its first reading of the revised *Règlement* with the exception of two articles, referred these to the General Committee and adjourned *sine die*. Apart from the question of the personnel of the Tribunals, the Committee had left unsettled the definition of foreigners. This, the most controversial point in the Egyptian drafts, could not usefully be debated in public until the ground had been prepared by private discussions between Nakhās Pasha and the interested delegations. It was to these conversations that attention was now directed.

The optimism generated by the conciliatory speeches of Badawi Pasha and Monsieur de Tesson on the 20th April was quickly dissipated, and from the 24th to the 30th the Conference was in fact suspended while the delegations tried privately to settle their differences. A major cause of this hitch in the proceedings was the attitude of the French colony (and indeed of all the foreign communities) in Egypt. Anxious for their future after an interim period which now seemed likely to be shorter than they had anticipated, they wished their Government to open negotiations for an Establishment Treaty before signing the Montreux Convention. In particular, it was urged that the French delegation should not leave Montreux without some guarantee for the future of the educational, medical and charitable institutions maintained by French funds in Egypt. These points were raised in an *aide-mémoire* presented by Monsieur de Tesson to Nakhās Pasha on the evening of the 23rd. The Egyptian Premier, while expressing his willingness to negotiate Establishment Treaties without undue delay, declined to permit the Montreux agenda to be used as a lever for the settlement of extraneous questions. The French Press, on the other hand, observed that their attitude to the

demands put forward in the Egyptian drafts was naturally governed by the future prospects for French cultural and economic enterprise. On the 25th, after a long conversation with Nakhās Pasha on the previous evening, Monsieur de Tessen left for Paris to lay the position before his Government. The revised instructions with which he returned, and the course of his subsequent conversations with Nakhās Pasha, enabled him to announce to the Press on the 29th that full agreement had been reached on all the disputed points.

As these included both the issue which had blocked progress in the General Committee and the two matters referred to it by the Judicial Organization Committee, and as the French would probably be followed by the other delegations which had hitherto opposed certain of the Egyptian claims, there was now every prospect of a speedy conclusion to the deliberations of the Conference. Meeting again on the 30th, the General Committee quickly disposed of the interdependent articles of the Convention and the *Règlement* dealing respectively with the duration of the transitional period and with the composition of the District Tribunals.¹ The Mixed Courts were to be retained for twelve years, until the 14th October, 1949, and from the beginning of that period vacancies on the Tribunals were to be filled with Egyptian judges, with the proviso—already offered by Egypt—that foreign representation should never fall below one-third.² In return for this unqualified acceptance of his wishes on these points, Nakhās Pasha had agreed to give the 'subjects' and 'protégés' of foreign Powers the same rights as their citizens. It was found, however, that the re-drafted Article confined this concession to those protected subjects who were already settled in Egypt on the 15th October, 1937, when the Convention was to come into operation, and the French claimed that this restriction was a modification of the bilateral understanding. The delegates of the United Kingdom and South Africa also protested against the proposal to exclude the natives of all mandated territories from the jurisdiction of the Mixed Tribunals. The Drafting and Co-ordinating Committee was therefore asked to devise a formula which would satisfy all parties.

On the 5th May the Conference, in a plenary meeting, adopted the final texts with the single exception of the disputed Article 25 of the *Règlement*. On the 6th the Drafting and Co-ordinating Committee produced its formula for that Article, and it was adopted on the

¹ Article 3 in each case.

² Unless there was an abnormal death-rate among the foreign judges, only three of whom were due to retire in the first five years of the transitional period, it was in fact unlikely that the composition of the tribunals would change rapidly.

evening of the same day. It extended the competence of the Mixed Courts to all the nationals, without exception, of the High Contracting Parties, 'together with nationals of any other state that may be specified by decree'.¹ The Egyptian declaration, of which the plenipotentiaries took note in the Final Act of the Conference, announced, in Article 1, that it had already been decided to extend the competence of the Mixed Tribunals to the nationals of Switzerland, Austria, Germany, Hungary, Poland, Rumania, Czechoslovakia and Jugoslavia.

The texts were signed at Montreux on the 8th May. The plenipotentiaries also took note of the Egyptian Declaration and of the Canadian letter mentioned above,² together with exchanges of letters in which Nahrās Pasha assured the Presidents of the American, British, Dutch, French, Greek, Italian and Spanish delegations that their educational, medical and charitable institutions in Egypt would be permitted to carry on their activities freely until agreements defining their position should have been concluded, or in any case until the end of the transitional period. The Convention was to come into force on the 15th October, 1937, if three ratifications had by then been received. That condition was fulfilled, and by June 1938 the Convention had been ratified by all the signatories.

Thus, four hundred and two years after the Ottoman Pādishāh Suleymān the Magnificent's treaty with King Francis I of France, the Capitulations were abolished in respect of Egypt, after having been extinguished thirteen years earlier in their application to Turkey. The final disappearance of extra-territorial privilege from Egypt was, however, postponed for twelve years, and during that brief epilogue the European colonies would continue to enjoy certain of their traditional immunities. They would no longer be protected against possible adverse effects of Egyptian legislation, either by the right of the Mixed Courts to sanction the application of laws to foreigners, or by diplomatic intervention in fiscal matters. But they were still immune from domiciliary searches without safeguard, though the Mixed Parquet had taken the place of their consuls as the supervisory authority. And they were still exempt, except at their own desire, from the jurisdiction of the Native Courts. In cases affecting their personal status they would still be proceeded against before their consuls; their criminal offences and civil or commercial

¹ *Ressortissants* of the mandated territories of Syria, the Lebanon, Palestine and Transjordan were specifically excluded from the jurisdiction of the Mixed Tribunals. As ex-Ottoman subjects they had never enjoyed the protection of the Mixed Tribunals, and were thus in a different position from the natives of other mandated territories.

² On p. 594.

litigation would take them before the Mixed Tribunals; but in 1949 all these courts would be closed.

Even in the twelve-year period Egypt would make a little progress towards the recognition of her equality, in judicial standing, with other civilized nations. The competence of the Mixed Courts had been limited to the nationals of twenty Powers; they were to become increasingly Egyptian in composition, and they must henceforward deliver judgment in Arabic as well as in a European language;¹ and foreigners normally subject to their jurisdiction were now at liberty to bring suits, or to allow them to be brought, into the National Courts. In 1949 Egypt's judicial emancipation would be complete, and already the last restrictions on her legislative sovereignty had been removed.² It was not surprising that the Egyptian Chamber voted for the ratification of the Convention, on the 19th July, 1937, with only two dissentients.

(b) THE ADMISSION OF EGYPT TO MEMBERSHIP OF THE
LEAGUE OF NATIONS, 26TH MAY, 1937

It was appropriate that the legislative sovereignty of Egypt should be formally admitted as a preliminary to her entry into the League of Nations. But steps were already being taken towards her admission to membership of the League before the Montreux Conference assembled. In a note dated the 7th February, 1937, the Foreign Minister of 'Irāq informed the Secretary General of the League that he had invited the Egyptian Government to apply for membership, and had promised to do his utmost to obtain an early consideration of the application. The note pointed out that Egypt, as a member of the International Labour Organization, had since 1936 been collaborating in the League's economic and social work; and it observed that the geographical position of Egypt would add importance to her acceptance of the full obligations of League membership.³

Later in the month it was reported that the United Kingdom Government, in accordance with Article 3 of the Anglo-Egyptian Treaty,⁴ were taking steps to secure the convening of a special meet-

¹ Article 12 of the *Règlement*.

² Egypt, it is true, was bound by Article 2 of the Convention. But as her delegates had repeatedly declared that they had no intention of applying discriminatory legislation against foreigners, this could hardly be regarded as a restriction.

³ Text of this and other notes mentioned below in *League of Nations Official Journal*: Special Supplement, No. 166 (Geneva, 1937). This also contains the record of the proceedings on the 26th May.

⁴ 'Egypt intends to apply for membership of the League of Nations. His Majesty's Government in the United Kingdom, recognizing Egypt as a

ing of the Assembly, and had suggested to the Governments of the Dominions, of India and of certain non-British states that they should invite Egypt to make her application. By the middle of March twenty-four Governments had informed the Secretary-General that they had sent invitations to Cairo. Thus assured, beyond any reasonable doubt, of the necessary two-thirds majority in the Assembly, the Egyptian Minister for Foreign Affairs, Wāsif Butros Ghāli Pasha, in a letter dated the 8th March, made formal application for admission to the League.¹ Three days later the British Government suggested that a special meeting of the Assembly should be held in May to receive this application.

The special session opened on the 26th May under the presidency of the Turkish Foreign Minister, Monsieur Rüstü Aras. The General Main Committee, whose task it was to examine the credentials of states applying for membership, decided, as it had when the U.S.S.R. entered the League in 1934, to abridge its procedure,² and on the same day unanimously recommended that Egypt should be admitted. This recommendation was accepted by a unanimous vote of the Assembly, and the Egyptian delegates were invited to take their seats. Replying to the President's speech of welcome, Nahnās Pasha pointed out that before joining the League Egypt had already shown her desire to employ its methods in her foreign policy by negotiating an agreed revision of the judicial status of foreigners on her territory instead of taking unilateral action. Mr. Eden, in endorsing on behalf of Great Britain the President's welcome, also drew attention to the connexion between the two events:

The admission of Egypt to the League sets the seal upon her independence and will, I am confident, mark the beginning of an epoch of fruitful collaboration between her and the other Members of the League. Egypt has always had close relations with the outside world, and these have grown even closer in recent times when foreign capital and technical advice have been called upon to play so prominent a part in the making of modern Egypt. In this close and cordial co-operation Egypt has played the part of a practised host, showing friendship and tolerance to all. This experience of co-operation with the outside world will now be applied to the wider sphere represented by the activities of the League.

sovereign independent state, will support any request for admission which the Egyptian Government may present in the conditions prescribed by Article 1 of the Covenant.'

¹ A supplementary note, formally conveying the undertakings prescribed in Article 1 of the Covenant, was sent on the 16th.

² For the procedure at the admission of the U.S.S.R. see the *Survey for 1934*, pp. 391-404. This was followed in the case of Egypt with one modification; whereas the U.S.S.R. was invited to join in a single letter signed by the representatives of thirty Powers, the invitations to Egypt were separately despatched.

There was one note of irony in these proceedings which commentators at Geneva did not fail to strike. The Montreux Convention had been the first international instrument signed by an Italian delegate in the name of 'His Majesty the King of Italy, Emperor of Ethiopia'. It was held that, since each delegation bore the sole responsibility for the description of its 'Head of State' in the preamble to the Convention,¹ the appearance of this title did not involve its recognition by any other signatory. The fact remained that Egypt's last international act, before her entry into the League, bore witness to the conquest, in defiance of the League, of a neighbouring and once independent member state.

¹ This principle was stated by Monsieur Politis, speaking as President of the General Committee. (*Actes de la Conférence des Capitulations*, pp. 129, 137.)

APPENDIX

CHRONOLOGY OF EVENTS, 1937¹

N.B. The following abbreviations are used in references to the published texts of treaties and documents: *Cmd.* = *British Parliamentary Paper*; *J.d.N.* = *Le Journal des Nations*; *L. of N.* = *League of Nations Publication*; *L.N.M.S.* = *League of Nations Monthly Summary*; *L.N.O.J.* = *League of Nations Official Journal*; *L.N.T.S.* = *League of Nations Treaty Series*; *M.G.* = *The Manchester Guardian*; *N.Y.T.* = *The New York Times*; *O.M.* = *Oriente Moderno*; *Ov.F.S.* = *Overenskomster med Fremmede Stater* (Norway); *P.C.I.J.* = *Permanent Court of International Justice*; *R.I.I.C.* = *Revue de l'Institut International du Commerce*; *S.Ö.F.M.* = *Sveriges Överenskommelser med Främmande Makter* (Sweden); *T.I.* = *Treaty Information* (U.S.A.); *U.S.T.S.* = *United States Treaty Series*.

Abyssinia

- 1937, Jan. 11. Polish Government granted *de facto* recognition of Italian Empire in East Africa.
Jan. 17. Turkish Ambassador informed Italian Government that the Turkish legation in Addis Ababa would be withdrawn.
Feb. 19. Bomb outrage in Addis Ababa followed by Italian reprisals.
Feb. 24. Capture and execution of Ras Desta at Goggetti, south of Addis Ababa.
April 12. Paraguayan Minister presented credentials addressed to 'King of Italy and Emperor of Ethiopia'.
July 28. Japanese Ambassador presented credentials addressed to King-Emperor.
Nov. 16. Jugoslav Minister presented credentials addressed to King-Emperor.
Nov. 20. Signor Mussolini succeeded Signor Lessona as Minister for East Africa and the Duke of Aosta succeeded Marshal Graziani as Viceroy.
Dec. 14. Mr. de Valera stated that an Irish diplomatic representative would be accredited to King-Emperor.
Dec. 21. Netherlands Government stated to have suggested joint action by signatories of Oslo Convention to ask Western Powers to recognize Italian sovereignty over Abyssinia.

Afghanistan

- 1937, Dec. 31. Protocol signed with Turkey, prolonging friendship and mutual assistance treaty of May 25, 1928, for ten years.
See also under *Middle Eastern Entente*.

Antioch and Alexandretta. See under *Syria*.

¹ In this chronology only a few treaties of political importance are included. For a full list of bilateral and multilateral treaties and conventions signed or ratified during the year 1936, see the supplementary volume, *Documents on International Affairs, 1937*.

Argentina

1937, Sept. 5. Presidential election. Señor Ortiz, the Government candidate, elected to succeed President Justo.
See also under *Bolivia*, Sept. 17.

Australia. See under *Naval Armaments*, July 29.

Austria

1937, Feb. 14. Speech by Dr. von Schuschnigg to Vaterländische Front re-stating policy with regard to National Socialism and Monarchism.

Feb. 22-3. Herr von Neurath visited Vienna.

March 20. Dr. Neustädter-Stürmer relieved of office of Minister for Public Security.

April 22-3. Meeting between Dr. von Schuschnigg and Signor Mussolini in Venice.

June 17. Appointment of Dr. Seyss-Inquart to Council of State and of Dr. Pembaur as rapporteur on racial questions to the Vaterländische Front.

July 6-9. Austro-German Mixed Commission discussed application of agreement of July 11, 1936. July 12, *communiqué* issued regarding press truce.

See also under *Permanent Court of International Justice*, March 13-April 17.

Belgium

1937, Jan. 30. Herr Hitler stated in his Reichstag speech that his Government were ready to guarantee the inviolability and neutrality of Belgium.

March 5. Belgian Government instituted proceedings before the Permanent Court of International Justice to determine whether the responsibility of the Spanish Government was involved in connexion with the death of Baron Jacques de Borchgrave. Nov. 6, Court delivered judgment overruling preliminary objections lodged by Spanish Government (*P.C.I.J.* Series A/B, No. 72).

March 22-5. King Leopold visited London.

April 11. M. von Zeeland defeated M. Degrelle, the Rexist leader, at a by-election in Brussels.

April 24. Anglo-French declaration presented in Brussels with regard to the release of Belgium from her Locarno obligations (*Cmd.* 5437).

April 25-7, Mr. Eden visited Brussels. May 20-1, M. Delbos visited Brussels.

June 28. Permanent Court of International Justice gave judgment rejecting Dutch claim that increased use by Belgium of the waters of the Meuse was contrary to the Belgo-Dutch Treaty of May 12, 1863. The Court also rejected the Belgian counterclaim (*P.C.I.J.* Series A/B, No. 70).

Oct. 13. German declaration communicated to Belgian Government with regard to the status of Belgium.

Oct. 25. Resignation of M. van Zeeland's Government.

Belgium: cont.

Nov. 16-19. State visit of King Leopold to London.

Nov. 24. M. Janson formed a Government. M. Spaak continued to be Minister for Foreign Affairs.

See also under *Economic Affairs*, April 6, May 28; *League of Nations*, Sept. 13-Oct. 6; *Western Pact*.

Bolivia

1937, Jan. 9. Agreement initialled at Buenos Aires Peace Conference for the continuance of neutral supervision in the Chaco, for the maintenance of the military *status quo*, and for the freedom of commercial traffic.

March 16. Bolivian Government cancelled Standard Oil Company's concessions.

July 13. President Toro forced to resign by army leaders. Colonel Busch became Provisional President.

Aug. 16. Agreement signed with Chile regarding transit of Bolivian imports and exports (*R.I.I.C.* March, 1938).

Sept. 17. Agreement signed with Argentina regarding construction of railway to Santa Cruz and Sucre. Nov. 19, agreement signed regarding transit of oil through Argentina.

Nov. 25. Protocol signed with Brazil regarding carriage of oil by rail.

Brazil

1937, Nov. 10. President Vargas assumed dictatorial powers and promulgated new constitution (*N.Y.T.*, Nov. 20, 1937). Dec. 3, all political parties ordered to be dissolved.

See also under *Bolivia*, Nov. 25; *Permanent Court of International Justice*, Jan. 26.

British Empire

1937, May 14-June 15. Imperial Conference held in London (Summary of proceedings *Cmd.* 5482).

Bulgaria

1937, Jan. 24. Friendship and non-aggression treaty signed with Yugoslavia. Ratifications exchanged Jan. 25.

Oct. 21. Ratifications exchanged with Denmark of treaty of conciliation, arbitration and judicial settlement of Dec. 7, 1935.

See also under *Germany*, June 7-14.

Burma. See under *India*.

Canada. See under *Naval Armaments*, July 29.

Capitulations. See under *Egypt*, April 12-May 8; *France*, July 29.

Chile

1937, Feb. 17. Ratifications exchanged with Norway of conciliation treaty of Jan. 27, 1936. Came into force March 19 (*L.N.T.S.* 179).

See also under *Bolivia*, Aug. 16; *League of Nations*, Sept. 13-Oct. 6.

China

- 1937, Feb. 8. Nanking Government troops reported to have entered Sianfu, the capital of Shensi, which had been held by rebels since the kidnapping of General Chiang Kai-shek on Dec. 12, 1936.
- March 3. Dr. Wang Chung-hui succeeded General Chang Chun as Foreign Minister.
- July 7-8. Fighting broke out between Chinese and Japanese troops at Lukouchiao near Peiping. July 11, agreement for settlement of incident reported to have been concluded between Japanese military command and Chinese authorities in Peiping. July 18, General Sung, Chairman of Hopei-Chahar Political Council, reported to have accepted agreement.
- July 19. Statement of policy by General Chiang Kai-shek in a speech made at Kuling.
- July 25. Japanese War Minister announced that Army had decided on punitive action.
- July 25-6. Fighting broke out on July 25 at Langfang and on July 26 in Peiping. July 27, Japanese Army informed General Sung of their intention to take independent action.
- July 29. General Chiang Kai-shek stated that China could no longer consider the situation in North China as a matter for local settlement.
- Aug. 3. Japanese aircraft bombed Central Government troops on their way to the Nankow Pass.
- Aug. 9. Two members of Japanese Naval Landing Party shot at Hungjao, west of Shanghai.
- Aug. 11. Beginning of Japanese attack on Nankow Pass.
- Aug. 13. Fighting broke out at Shanghai.
- Aug. 21. China signed a non-aggression pact with the U.S.S.R. Came into force same day (*L.N.T.S.* 181).
- Aug. 23. Japanese troops landed at Woosung.
- Aug. 26. Japanese aircraft attacked British Embassy cars and wounded the British Ambassador, Sir Hughe Knatchbull-Hugessen.
- Aug. 27. First serious air raid on Nanking.
- Aug. 30. Chinese statement concerning events since July 7 sent to League Secretary-General (*L.N.O.J.* Aug.-Sept. 1937).
- Sept. 3. Japanese entered Tatung in Northern Shansi.
- Sept. 4. Report of the establishment of a South Chahar Government at Kalgan in Inner Mongolia.
- Sept. 5. Statement by Prince Konoe in the Japanese Diet referring to possibility of peace negotiations.
- Sept. 5. President Roosevelt announced that Americans staying in China would do so at their own risk.
- Sept. 11. Beginning of Japanese offensive against Chinese armies south of Peiping and Tientsin.
- Sept. 12. Chinese statements sent to League Secretary-General giving further account of events in China and invoking application of Arts. 10, 11, and 17 of the Covenant (*L.N.O.J.* Aug.-Sept. 1937, and special supplement 177).
- Sept. 14. Statement by President Roosevelt regarding the Neutrality Act and the shipment of war material to China or Japan.

China: cont.

- Sept. 15. Japanese Foreign Office issued statement rebutting account of conflict given by Chinese Government to League.
- Sept. 15. League Council decided to refer dispute to Far Eastern Advisory Committee (*L.N.O.J.* special supplement 177).
- Sept. 19-25. Air raids on Nanking on Sept. 19, 20, 22, and 25, and on Canton on Sept. 22-25. Protests against unrestricted air bombardment were made on behalf of France, Germany, Great Britain, Italy, U.S.A. and U.S.S.R.
- Sept. 21-Oct. 5. Far Eastern Advisory Committee held five meetings.
- Sept. 27, committee adopted resolution condemning Japanese air bombardment. Sept. 28, resolution adopted by Assembly. Oct. 5, Committee adopted reports on the violation of treaties by Japan and resolution expressing moral support for China, recommending states members to give China individual help, and proposing a conference of all states parties to the Washington Nine Power Treaty (*L.N.O.J.* special supplement 177).
- Sept. 24. Japanese occupied Paoting, the capital of Hopei.
- Oct. 5. Speech by President Roosevelt at Chicago on the active participation of the U.S.A. in the search for peace.
- Oct. 5-6. League Assembly discussed and adopted the Advisory Committee's resolution and reports (*L.N.O.J.* special supplement 177). Oct. 6, U.S. Government officially stated to be in accord with Assembly's conclusions.
- Oct. 10. Japanese entered Shihchiachuang on Peiping-Hankow Railway, junction of branch railway to Taiyuan.
- Oct. 12. In a broadcast speech President Roosevelt stated that the purpose of the Washington Powers' Conference would be solely mediation.
- Oct. 16. Japanese entered Paotow in Suiyuan.
- Oct. 18. Chinese reported to be in retreat down Peiping-Hankow and Tientsin-Pukow Railways.
- Oct. 23. Peace Maintenance Commission at Kweihua proclaimed independence of China. A Federated Autonomous Government for Inner Mongolia was formed a few days later.
- Oct. 26. Japanese took Niangtzukuan Pass leading from Western Hopei into Shansi.
- Oct. 27. Chinese began to withdraw from Chapei.
- Oct. 27. Japanese Government declined invitation to Conference at Brussels and issued a statement of their attitude towards the conflict and towards League action.
- Nov. 3-24. Washington Powers' Conference met at Brussels. Nov. 12, Japan refused a second invitation to be present. Nov. 15, Conference adopted Anglo-Franco-American declaration admonishing Japan. Nov. 24, Conference recorded its inability to enter into peace discussions with Japan and adjourned.
- Nov. 5. Japanese troops landed at Hangchow Bay.
- Nov. 9. Japanese occupied Taiyuan, the capital of Shansi.
- Nov. 27. Autonomous Government for Northern Honan established at Changteh.

China: cont.

- Nov. 28. Statements by Prince Konoe and the Japanese Ambassador in China regarding possible peace terms.
- Dec. 3. Dr. Trautmann, the German Ambassador, stated to be having conversations with General Chiang Kai-shek regarding Japanese peace terms.
- Dec. 12. Japanese land forces and aircraft attacked British and American warships on Yangtse. H.M.S. *Ladybird* damaged and U.S.S. *Panay* sunk.
- Dec. 12. Autonomous Government for Shansi stated to have been established at Taiyuan.
- Dec. 14. Provisional Government of the Chinese Republic installed in Peiping.
- Dec. 14. Japanese entered Nanking.
- Dec. 28. Japanese entered Tsinan, the capital of Shantung.
- See also under *Japan*, June 24; *Manchuria*.

Colombia

- 1937, July 1. Ratifications exchanged with U.S.A. of arbitration treaty of July 11, 1928.
- See also under *Permanent Court of International Justice*, Oct. 20.

Costa Rica. See under *Honduras*.

Cuba. See under *Dominican Republic*.

Czechoslovakia

- 1937, Jan. 27. German Activist parties presented joint memorandum to Government. Feb. 18, Government and Activists reached agreement regarding concessions to minorities. Feb. 28, speech by Herr Henlein at Aussig criticizing Government offer.
- April 5-7. President Beneš visited Belgrade.
- Aug. 18. Portuguese Government severed diplomatic relations with Czechoslovakia in consequence of a dispute over the supply of machine guns for Portuguese rearmament (text of Portuguese and Czechoslovak statements *N.Y.T.* and *M.G.* Aug. 20, 1937).
- Sept. 14. Death of President Masaryk.
- Oct. 17. Incident between Sudeten Germans and police at Teplice Šanov. Oct. 18, Herr Henlein sent protest to President Beneš and asked for immediate granting of autonomy. Oct. 23, Government announced postponement of communal elections which were to have been held on Nov. 14.
- See also under *France*, Dec. 2; *Little Entente*.

Danzig

- 1937, Jan. 5. Agreement concluded with Poland prolonging till 1939 the provisional agreement of Sept. 18, 1933, regarding the utilization of the harbour of Danzig.
- Jan. 10. Conclusion of negotiations between Governments of Danzig and Poland with regard to relations between Danzig and the League.

Danzig: cont.

- Jan. 16. M. Marjan Chodacki appointed Polish Commissioner-General in Danzig.
- Jan. 20. Conversations between Colonel Beck and Herr von Neurath in Berlin.
- Jan. 21-6. League Committee of Three considered Colonel Beck's report on Polish-Danzig negotiations. Jan. 27, League Council adopted report of Committee of Three concerning the internal administration of Danzig and the appointment of a new High Commissioner.
- Feb. 9. Danzig Senate issued decree regarding withdrawal of mandates from Volkstag deputies.
- Feb. 18. Professor Burckhardt succeeded Mr. Lester as High Commissioner.
- May 8. Nazis obtained two-thirds majority in Volkstag. May 12, dissolution of German Nationalist Party announced.
- Aug. 25. Polish Government protested against the forcing of Polish children to attend German schools. Sept. 14, Polish Government reported to have protested against interference with postal services.
- Oct. 13. Danzig Government reported to have sent a protest to the Vatican on the subject of the appointment of Polish priests in Danzig.
- Oct. 21. Dissolution of Centre Party announced.
- Oct. 23-4. Anti-Jewish riots. Oct. 31, petition concerning the persecution of Jews addressed to League Committee of Three by executive committee of World Jewish Congress (*J.d.N.* Oct. 3, 1937).
- Nov. 8. Danzig Government issued decree forbidding the formation of new political parties.

Denmark

- 1937, Dec. 10. Ratifications exchanged with Yugoslavia of treaty of conciliation, arbitration and judicial settlement of Dec. 14, 1935.
- See also under *Bulgaria*, Oct. 21; *Economic Affairs*, May 28; *Siam*, Nov. 5-Dec. 30.

Dominican Republic

- 1937, Oct. Haitian immigrants reported to have been killed in frontier districts of Dominican Republic. Oct. 15, Dominican and Haitian Governments signed agreement in favour of investigation and peaceful settlement of dispute (*N.Y.T.* Dec. 17, 1937). Nov. 12, Haitian Government invited Governments of U.S.A., Cuba and Mexico to act as mediators (*ibid.*). Nov. 14, U.S. Government accepted invitation (*N.Y.T.* Nov. 15, 1937). Nov. 17, Mexican Government accepted invitation. Dec. 3, mediating Powers proposed to appoint a commission of inquiry. Dec. 11, Dominican Government made counter-proposal (*N.Y.T.* Dec. 17, 1937). The mediating Powers then advised Haiti to have recourse to international pacific settlement treaties. Dec. 14, Haitian Government announced that they had invoked the Gondra Pact of 1923 and the conciliation convention of 1929. Dec. 17, Dominican Government accepted conciliation procedure initiated by Haiti (*N.Y.T.* Dec. 21, 1937).

Economic Affairs

- 1937, Jan. 7. International Tin Committee published an agreement regarding renewal of control scheme for five years.
- Jan. 26. League Council appointed Committee for the Study of the Problem of Raw Materials. Sept. 8, Committee issued report (*L. of N.* 1937. II B. 7).
- Feb. 5. Protocol signed amending agreement of May 7, 1934, for the regulation of the production and export of rubber (*Cmd.* 5384).
- April 5–May 7. International Sugar Conference held in London. May 6, convention signed. (Text of agreement and proceedings of conference, *L. of N.* 1937. II B. 8.)
- April 6. M. van Zeeland stated to have accepted an invitation from the French and British Governments to investigate the possibility of reducing obstacles to international trade.
- May 28. Agreement for the development of commercial exchanges signed by the 'Oslo Powers', i.e. Belgium, Denmark, Finland, Luxemburg, Netherlands, Norway and Sweden. Came into force July 1 (*L.N.T.S.* 180).

Ecuador

- 1937, July 24. *Modus vivendi* and additional agreement concluded with the Vatican.
- Oct. 22. Resignation of President Paez. General Enriquez became Provisional President. Nov. 2, U.S. Department of State announced that diplomatic relations would be continued with the new Ecuadorean Government.

Egypt

- 1937, April 7. Treaties of friendship, establishment and nationality signed with Turkey (*O.M.* May 1937).
- April 12–May 8. Conference on abolition of Capitulations met at Montreux. May 8, convention signed (*Cmd.* 5632).
- July 29. King Fārūq came of age and began to rule.
- Dec. 30. King Fārūq dismissed Nakhās Pasha's Wafd Government. Muhammad Mahmūd Pasha formed a Government.
- See also under *League of Nations*, May 26.

Estonia

- 1937, Sept. 4. Promulgation of new constitution.
- Nov. 2. Estonian Government instituted proceedings before the Permanent Court of International Justice against Lithuania in the case of the Panevezys–Saldutiskis railway.

Finland

- 1937, Feb. 15. M. Kallio, the Agrarian candidate, elected to succeed M. Svinhufvud as President.
- Feb. 8–10. M. Holsti visited Moscow.
- March 12. M. Cajander formed a coalition Government of Agrarians, Social Democrats and Progressives. M. Holsti continued to be Foreign Minister.
- See also under *Economic Affairs*, May 28; *Permanent Court of International Justice*, March 13–April 17.

France

- 1937, Jan. 24. Speech by M. Blum at Lyons concerning relations with Germany and the possibility of a general settlement.
- Feb. 1. Ratifications exchanged with Yaman of friendship treaty of April 25, 1936 (*O.M.* April 1937).
- Feb. 26. Statement by M. Blum in Chamber of Deputies with regard to pause in execution of Popular Front programme.
- March 5. Government announced changes in financial policy including the withdrawal of restrictions on dealings in gold.
- April 28. Sir Eric Phipps presented credentials as British Ambassador in Paris.
- June 21. Defeat of Emergency Powers Bill in Senate. June 22, M. Blum's Government resigned. June 23, M. Chaumets formed a Government.
- June 30. Emergency Powers Bill passed and decree signed abrogating law of Oct. 1, 1936, fixing gold value of franc. July 1, franc fell to 129 to the pound sterling.
- July 29. Convention concluded with Great Britain for the abolition of Capitulations in Morocco and Zanzibar. Ratifications exchanged Dec. 1 (*Cmd.* 5646).
- Aug. 6. Conversation between Signor Cerruti, the Italian Ambassador, and M. Chaumets.
- Sept. 16. Franc fell to 147 to the pound.
- Oct. 8. Permanent Court of International Justice gave judgment in favour of French claim that contract for upkeep of lighthouses in Samos and Crete was applicable as regards the Greek Government (*P.C.I.J.* Series A/B, No. 71).
- Oct. 12. Declaration signed with Yugoslavia renewing for five years the treaty of friendship and arbitration convention signed on Nov. 11, 1927.
- Oct. 31. Recall of Signor Cerruti from Paris, his place being taken by a *chargé d'affaires*.
- Nov. 28-30. MM. Chaumets and Delbos visited London.
- Dec. 2. M. Delbos left Paris for a tour of Eastern Europe. He visited Warsaw on Dec. 3-6, Bucarest on Dec. 8-11, Belgrade on Dec. 12-14, and Prague on Dec. 15-18.
- See also under *Belgium*, April 24; *China*, Sept. 19-25, Nov. 3-24; *Economic Affairs*, April 6; *Naval Armaments*, June 24; *Syria*; *Western Pact*.

Germany

- 1937, Jan. 30. In his Reichstag speech Herr Hitler denounced war guilt clause of Versailles Treaty and announced termination of provisions of Reparation agreements for the administration of Reichsbank and German railways as non-Governmental concerns.
- Jan. 30. On the same occasion Herr Hitler also stated that the German Government had given assurances of their readiness to guarantee the neutrality of the Netherlands. Feb. 14, Dutch Foreign Minister stated that his Government had intimated to the German Government that the offer was not acceptable to them.

Germany: cont.

Feb. 23. Herr Hitler reported to have told Herr Schulthess, a former President of Switzerland, that Germany would at all times respect the integrity and neutrality of Switzerland.

March 21. Papal Encyclical condemning Nazi violations of concordat read in Catholic churches throughout Germany (*N.Y.T.* Mar. 23, 1937).

April 19. Conversation between Mr. Lansbury and Herr Hitler.

May 11. Sir Nevile Henderson presented credentials as British Ambassador in Berlin.

June 1. German Ambassador at Vatican replaced by a *chargé d'affaires* until German Government should receive satisfaction for an anti-Nazi speech made by Cardinal Mundelein at Chicago on May 18.

June 7-14. Herr von Neurath visited Belgrade on June 7-9, Sofia on June 9-11 and Budapest on June 11-14.

June 15. Official announcement made that Herr von Neurath would visit London on June 23-5. June 20, German Government informed British Ambassador that Herr von Neurath's visit must be postponed as a result of the crisis arising out of the *Leipzig* incident.

July 1. Arrest of Dr. Niemoeller.

Sept. 25-9. Signor Mussolini visited Germany.

Nov. 5. Declarations issued by the German and Polish Governments regarding the treatment of minorities.

Nov. 17-21. Lord Halifax visited Berlin and Berchtesgaden.

Nov. 21-5. MM. Darányi and de Kánya, the Hungarian Premier and Foreign Minister, visited Berlin.

Nov. 26. Herr Funk succeeded Dr. Schacht as Minister for Economic Affairs. Dr. Schacht continued to be President of the Reichsbank.

See also under *Austria*, Feb. 22-3, July 6-9; *Belgium*, Jan. 30, Oct. 13; *China*, Sept. 19-25, Dec. 3; *Danzig*; *France*, Jan. 24; *Italy*, Nov. 6; *League of Nations*, Dec. 11; *Naval Armaments*, July 17; *Poland*, July 15; *Siam*, Nov. 5-Dec. 30; *Western Pact*.

Great Britain

1937, May 6. Government issued White Paper on their attitude to the report of the Royal Commission on the Private Manufacture of and Trading in Arms (*Cmd.* 5451).

May 28. Resignation of Mr. Baldwin. Mr. Neville Chamberlain's Government took office.

See also under *Belgium*, March 22-5, April 24, Nov. 16-19; *China*, Aug. 26, Sept. 19-25, Nov. 3-24, Dec. 12; *Economic Affairs*, Aug. 6; *France*, April 28, July 29, Nov. 28-30; *Germany*, April 19, May 11, June 15, Nov. 17-21; *Irāq*, April 29; *Italy*, Jan. 2, July 9 and 12, *seqq.*; *Japan*, March 8, June 24; *Naval Armaments*, March 27, July 17, July 29; *Palestine*; *Siam*, Nov. 5-Dec. 30; *U.S.A.*, Nov. 18; *Western Pact*.

Greece. See under *France*, Oct. 8.

Haiti. See under *Dominican Republic*.

Honduras

1937, Oct. 14. Nicaraguan Government informed League of Nations and all American states of alleged cases of ill treatment of Nicaraguans in Honduras, and also of Nicaraguan policy with regard to the frontier dispute with Honduras (*L.N.O.J.* Nov. 1937). Oct. 15, League Secretary-General communicated terms of Nicaraguan telegram to Government of Honduras, and stated that he was transmitting communications received from the Nicaraguan Government to states members of the League for information, and that he would also transmit any communication from the Government of Honduras (*ibid.*). Oct. 16, Government of Honduras replied to Secretary-General, and Nicaraguan Government informed Secretary-General that they did not intend to submit a request or petition to the League (*ibid.*). Oct. 22, both Governments accepted offer of mediation made on the previous day by the Governments of the U.S.A., Costa Rica and Venezuela (*N.Y.T.* Oct. 22 and 23, 1937). Dec. 10, both Governments signed agreement providing for cessation of war-like preparations and for settlement of dispute by peaceful means (*T.I.* Dec. 1937).

Hungary

1937, Jan. 26. Speech by M. Darányi to National Union Party referring to questions of equal rights in armaments and application of minority treaties.
 May 19–22. The King and Queen of Italy and Count Ciano visited Budapest.
 May 26. Speech by M. de Kánya in Budapest Parliament referring to possible conditions of *rapprochement* with Little Entente.
 Aug. 30. Conversations between Hungarian Minister in Bucarest and Foreign Ministers taking part in meetings of Little Entente Permanent Council at Sinaia.
 See also under *Germany*, June 7–14, Nov. 21–5.

India

1937, April 1. Entry into force of provisions of new constitution regarding provincial autonomy and the separation of Aden and Burma from India.
 See also under *Naval Armaments*, July 29.

Irān

July 4. Agreement signed with 'Irāq settling Shattu'l 'Arab boundary dispute (*O.M.* Sept. 1937). July 18, treaty of friendship signed (*ibid.*).
 See also under *League of Nations*, Sept. 13–Oct. 6; *Middle Eastern Entente*.

'Irāq

1937, April 24. *Bon voisinage* agreement signed with Syria ('*Irāq Government Gazette*, Aug. 22, 1937).
 April 29. Exchange of notes with Turkey renewing and modifying

'Irāq: cont.

Chapter II of frontier treaty of June 5, 1926, between Great Britain, 'Irāq and Turkey (*op. cit.*, Aug. 15, 1937).

Aug. 11. Assassination of General Bakīr Sidkī. Aug. 16, resignation of Sayyid Hikmat Sulayman's Government in consequence of a military *coup* in Mosul. Aug. 17, Jamīl Beg Al-Midfa'ī took office as Premier.

Sept. 29. League Council discussed the settlement of Assyrians from 'Irāq in the Upper Khabūr Valley. It also terminated the functions of its Committee in respect of the Assyrians remaining in 'Irāq. Dec. 8-10, Committee considered the existing situation with regard to the Khabūr settlement, together with measures for establishing it on a permanent basis (*L.N.M.S.* Dec. 1937).

See also under *Irān*; *Middle Eastern Entente*; *Sa'ūdī Arabia*, Nov. 3.

Irish Free State. See under *Abyssinia*, Dec. 14.

Italy

1937, Jan. 2. Declaration signed with Great Britain regarding the *status quo* in the Mediterranean (*Cmd.* 5348).

March 12-21. Signor Mussolini visited Libya.

March 25-7. Count Ciano visited Belgrade. March 25, political and economic agreements signed (*J.d.N.* March 31, 1937).

July 9 and 12. Mr. Lansbury had interview with Signor Mussolini in Rome.

July 19. References by Mr. Eden to British policy in the Mediterranean during a speech in the House of Commons.

July 27. Mr. Chamberlain handed Count Grandi a personal message of friendship for Signor Mussolini. Aug. 2, Signor Mussolini's reply handed to Mr. Chamberlain.

Aug. 20. Speech by Signor Mussolini at Palermo referring to relations with Germany and Great Britain, and to the value of the Mediterranean for Italy.

Sept. 4. Treaty of friendship and economic relations signed with Yaman renewing treaty of Sept. 2, 1926 (*O.M.* Jan. 1938).

Nov. 6. Protocol signed recording Italy's adherence to Anti-Comintern Pact of Nov. 25, 1936, between Germany and Japan. Nov. 8, Soviet Ambassador in Rome protested against Italy's action.

Dec. 5-10. M. Stojadinović, Prime Minister of Yugoslavia, visited Italy.

See also under *Abyssinia*; *Austria*, April 22-3; *China*, Sept. 19-25; *France*, Aug. 6, Oct. 31; *Germany*, Sept. 25-9; *Hungary*, May 19-22; *League of Nations*, Dec. 11; *Manchuria*, Nov. 29; *Siam*, Nov. 5-Dec. 30; *Western Pact*.

Japan

1937, Jan. 23. Mr. Hirota's Government resigned. Feb. 2, General Hayashi's Government took office.

March 4. Mr. Naotaki Sato appointed Foreign Minister.

March 8. Statement of policy by Mr. Sato in the Diet urging a *rapprochement* with Great Britain.

Japan: cont.

- April 30. Defeat of Government in general election.
 May 31. Resignation of Hayashi Cabinet. June 4, Prince Konoe formed a Cabinet with Mr. Hirota as Foreign Minister.
 June 24. Japanese Ambassador in London stated to have been instructed to open formal conversations regarding China and Anglo-Japanese commercial relations. July 21, Mr. Eden stated that negotiations would not be begun so long as the existing situation in the Far East persisted.
 See also under *Abyssinia*, July 28; *China*; *Italy*, Nov. 6; *Manchuria*; *Naval Armaments*, March 27.

Jugoslavia

- 1937, Jan. 16. Conversation between Dr. Maček, the Croat leader, and M. Stojadinović at Brežice near Zagreb.
 July 23. Yugoslav Chamber passed Bill ratifying Concordat with Vatican, in spite of opposition from Orthodox Church.
 Sept. 10. Interview between Prince Paul, M. Stojadinović and Dr. Maček.
 Oct. 4. Reconstruction of M. Stojadinović's Government.
 Oct. 7. Agreement signed for co-operation between Croats and three Serb opposition parties.
 Oct. 9. M. Stojadinović announced that Concordat Bill would not be submitted to Senate.
 See also under *Abyssinia*, Nov. 16; *Bulgaria*, Jan. 24; *Czechoslovakia*, April 5-7; *Denmark*, Dec. 9-10; *France*, Oct. 12, Dec. 2; *Germany*, June 7-14; *Italy*, March 25-7, Dec. 5-10; *Little Entente*.

League of Nations

- 1937, Jan. 21-7. Ninety-sixth session of Council.
 Jan. 26. Council decided to invite Committee of Twenty-eight (Covenant reform) to study the conditions of voting on requests for advisory opinions of the Permanent Court of International Justice.
 Feb. 23. Paraguay ceased to be a member of the League.
 May 24-9. Ninety-seventh session of Council.
 May 26-8. Extraordinary session of Assembly. May 26, Egypt admitted to membership of the League.
 May 31. Meeting of Disarmament Conference Bureau.
 May 31-June 15. Thirty-first session of Permanent Mandates Commission.
 June 3-23. Twenty-third session of International Labour Conference. Conventions adopted regarding hours of work in the textile industry, the minimum age for entry into industrial employment and safety provisions in the building industry.
 July 26. Salvadorean Government gave notice of withdrawal from membership.
 July 30-Aug. 18. Thirty-second (extraordinary) session of Permanent Mandates Commission met to discuss report of Royal Commission on Palestine.

League of Nations: cont.

- Aug. 27. Publication of report of Mixed Committee on the Relation of Nutrition to Health (*L. of N.* 1937. II A. 10).
- Sept. 10-16. Ninety-eighth session of Council.
- Sept. 10-11. Meetings of Committee of Twenty-eight on the Application of the Principles of the Covenant. Sept. 25, Committee submitted resolutions to Assembly regarding (1) the extension of the League's membership and the desirability of obtaining information on this subject from non-member states and states which had announced their withdrawal; (2) the establishment of contact in emergencies with non-member states which were bound by general pacific settlement treaties. (On Oct. 4 the Assembly adopted these resolutions.) Sept. 30, the Committee decided to communicate to states members its report and draft resolution on the separation of the Covenant from the Peace Treaties.
- Sept. 13-Oct. 6. Eighteenth session of Assembly. Belgium, Īrān and Peru were elected to succeed Spain, Turkey and Chile on the Council.
- Sept. 29-Oct. 5. Ninety-ninth session of Council.
- Nov. 1-16. International Conference on Repression of Terrorism. Nov. 16, conventions signed regarding (1) prevention and punishment of terrorism, and (2) creation of an International Criminal Court (*L.N.M.S.* Nov. 1937).
- Nov. 8-19. Thirty-third session of Permanent Mandates Commission.
- Dec. 11. Signor Mussolini announced Italy's decision to withdraw from membership. Dec. 12, German Government announced that the return of Germany to the League would never again be considered. Dec. 15, Italian notification of withdrawal from International Labour Office.
- Dec. 22. Statement made by M. Motta to Swiss National Council on the position of Switzerland with regard to the League.
- See also under *China*, Aug. 30, Sept. 12, Sept. 15, Sept. 21-Oct. 5, Oct. 5-6; *Danzig*, Jan. 21-6, Feb. 18; *Economic Affairs*, Jan. 26, April 5-May 7; *Honduras*; *Īrāq*, Sept. 29; *Palestine*, July 30-Aug. 18, Sept. 14, Sept. 19-24; *Rumania*, May 28; *Syria*.

Lithuania. See under *Estonia*, Nov. 2.

Little Entente

- 1937, April 1-2. Permanent Council met in Belgrade.
- May 27-8. Meeting of Little Entente Foreign Ministers at Geneva.
- June 17. Meeting of Little Entente Foreign Ministers on the Danube.
- Aug. 30-1. Permanent Council met at Sinaia.
- Sept. 27. Permanent Council met at Geneva.
- See also under *Hungary*, Jan. 26, May 26, Aug. 30.

Locarno Treaty. See under *Western Pact*.

Luxembourg. See under *Economic Affairs*, May 28.

Manchuria

- 1937, June 21. Soviet troops occupied Bolshoi and Sennufu islands in Amur River alleged to be under Manchukuoan sovereignty. June 30, skirmishes took place near islands, including sinking of Soviet gunboat. July 2, agreement reached between M. Litvinov and Japanese Ambassador in Moscow regarding the withdrawal of armed forces. July 6, Soviet Government made protest regarding alleged return of Japanese-'Manchukuoan' troops to islands.
 Nov. 5. Treaty signed terminating Japanese extraterritorial privileges in 'Manchukuo' with effect from Dec. 1.
 Nov. 29. Recognition of 'Manchukuo' by Italy.

Mexico

- 1937, April 13. Treaty signed with the U.S.A. terminating Art. 8 of the Gadsden Treaty of Dec. 30, 1853, regarding frontiers, cession of territory and transit of the Isthmus of Tehuantepec. Ratifications exchanged Dec. 21, 1937. (Text of Art. 8 of 1853 treaty *T.I.* April 1937, text of 1937 treaty *U.S.T.S.* 932.)
 See also under *Dominican Republic*.

Middle Eastern Entente

- 1937, July 8. Regional pact and protocol constituting Middle Eastern Entente signed at Sa'dābād by Afghanistan, Irān, 'Irāq and Turkey (*J.d.N.* July 22, 1937).

Monaco. See under *Permanent Court of International Justice*, April 22.

Mongolia, Inner. See under *China*, Sept. 4, Oct. 16, Oct. 23.

Morocco. See under *France*, July 29.

Naval Armaments

- 1937, March 27. Japanese Government notified British Government of their refusal to agree to limitation of naval gun calibre to 14-in.
 June 24. Deposit of French ratification of London Naval Treaty of March 25, 1936.
 July 17. Signing of Anglo-German and Anglo-Russian naval agreements. Ratifications exchanged of both agreements Nov. 4 (*Cmd.* 5518-19).
 July 29. Entry into force of London Naval Treaty of 1936 following deposit of ratifications by Australia, Canada, Great Britain, India and New Zealand (*Cmd.* 5561).

Netherlands

- 1937, May 26. Government parties returned to office by general election. National-Socialists gained fewer votes than in 1935.
 See also under *Abyssinia*, Dec. 21; *Belgium*, June 28; *Economic Affairs*, May 28; *Germany*, Jan. 30.

New Zealand. See under *Naval Armaments*, July 29.

Nicaragua. See under *Honduras*.

Norway. See under *Chile; Economic Affairs*, May 28; *Siam*, Nov. 5–Dec. 30.

Palestine

1937, Jan. 6. Arab Higher Committee asked to be allowed to give evidence before Royal Commission. Jan. 18, Royal Commission concluded public hearings in Palestine. Feb. 10, first meeting of Commission in London.

July 7/Aug. 1. Anglo-American exchange of letters regarding American rights in relation to the possible termination of the Mandate (*Cmd.* 5544).

July 8. Publication of report of Royal Commission (*Cmd.* 5479).

July 30–Aug. 18. Permanent Mandates Commission considered report.

Sept. 14. Palestine question came before League Council. Mr. Eden announced his Government's decision to appoint a further Commission to submit detailed proposals with regard to partition. Sept. 16, Council adopted resolution dealing with Palestine.

Sept. 19–24. Palestine question discussed at several sessions of League Assembly.

Oct. 1. Arab Higher Committee and all National Committees declared to be unlawful associations. Punitive measures taken against Arab leaders and terrorists. Oct. 2, five Arab leaders deported to Seychelles. Nov. 10, *communiqué* issued regarding establishment of military courts, with effect from Nov. 18.

Paraguay

1937, Aug. 14. President Franco overthrown by military *coup d'état*. Aug. 16, Dr. Paiva took office as Provisional President. Sept. 7–8 and Nov. 2–3, unsuccessful attempts at revolt by partisans of ex-President Franco.

See also under *Abyssinia*, April 12; *Bolivia*, Jan. 9; *League of Nations*, Feb. 23.

Permanent Court of International Justice

1937, Jan. 26. Brazil renewed acceptance of optional clause for ten years, and ratified protocol of Sept. 14, 1929, revising statute of Court.

March 13–April 17. Austria renewed acceptance of optional clause for five years from March 13, and Finland for ten years from April 6. Switzerland ratified renewal for ten years from April 17.

April 22. Monaco accepted optional clause for five years.

Oct. 30. Colombia ratified renewal of acceptance, applicable only to disputes arising out of facts subsequent to Jan. 6, 1932.

See also under *Belgium*, March 5, June 28; *Estonia*, Nov. 2; *France*, Oct. 8; *League of Nations*, Jan. 26.

Persia. See *Irān*.

Peru. See under *League of Nations*, Sept. 13–Oct. 6.

Poland

1937, Feb. 17. Announcement of programme of 'Camp of National Unity' Party (*J.d.N.* March 3, 1937).

April 22-5. Colonel Beck visited Bucarest.

June 7-9. President Moscicki and Colonel Beck visited Rumania.

June 26-July 1. King Carol, Crown Prince Michael and M. Antonescu visited Poland.

July 15. Expiry of Geneva Convention of May 15, 1922, regarding Upper Silesia, and termination of work of Mixed Commission and Arbitral Tribunal.

See also under *Abyssinia*, Jan. 11; *Danzig*; *France*, Dec. 2; *Germany*, Nov. 5.

Portugal

1937, Dec. 28. Exchange of notes with Great Britain of May 11, 1936, and Dec. 28, 1937, regarding the boundary between Tanganyika and Mozambique (*Cmd.* 5661).

See also under *Czechoslovakia*, Aug. 18.

Rumania

1937, Feb. 23. Reconstruction of M. Tatarescu's Government.

May 28. League Council considered a petition concerning the pensions of former officials and pensioners of the Administration of Ciuc Private Property (*L.N.O.J.* May-June 1937).

Nov. 9. M. Tatarescu's Government resigned. Nov. 17, M. Tatarescu returned to office.

Dec. 20. Government coalition failed to obtain 40 per cent. of votes in general election. Dec. 28, M. Goga, leader of National Christian Party, formed a Government.

See also under *France*, Dec. 2; *Little Entente*; *Poland*, April 22-5, June 7-9, June 26-July 1.

Salvador. See under *League of Nations*, July 26.

Sa'ūdī Arabia

1937, April 29. Declaration signed regarding accession of Yaman to 'Irāqī-Sa'ūdī treaty of Arab brotherhood and alliance of April 2, 1936 (*'Irāq Government Gazette*, Aug. 15, 1937). Nov. 3, Yamanī accession ratified and ratifications exchanged of agreement regarding the settlement of disputes arising between the subjects of the two kingdoms (*O.M.* Jan. 1938).

Siam

1937, Nov. 5-Dec. 30. Commercial treaties signed with the following states: Denmark, Nov. 5 (*Lovtidende C*, May 17, 1938); Germany, Dec. 30 (*R.* March 4, 1938); Great Britain, Nov. 23 (*Cmd.* 5731); Italy, Dec. 3; Norway, Nov. 15 (*Ov. F.S.* No. 3, 1938); Sweden, Nov. 5 (*S.Ö.F.M.* No. 4, 1938); U.S.A., Nov. 13.

Nov. 23. Exchange of notes regarding the abandonment by Great Britain of the right of evocation from Siamese Courts (*Cmd.* 5611).

Spain. See under *Belgium*, March 5; *League of Nations*, Sept. 13–Oct. 6.
See also Chronology in vol. ii.

Sweden. See under *Economic Affairs*, May 28; *Siam*, Nov. 5–Dec. 30.

Switzerland. See under *Germany*, Feb. 23; *League of Nations*, Dec. 22;
Permanent Court of International Justice, March 13–April 17.

Syria

1937, Jan. 21–7. League Council discussed question of status of Sanjāq of Antioch and Alexandretta. Jan. 27, Council adopted report embodying agreement reached by French and Turkish representatives in conversations held with the assistance of the Council's rapporteur.

Feb. 25. First meeting of committee appointed by Council to draft statute and fundamental law for Sanjāq. May 24, committee issued report, which was adopted by League Council on May 29.

May 29. Franco-Turkish agreements signed guaranteeing integrity of the Sanjāq, of Syrian and Lebanese territory and of the Turco-Syrian frontier, and promising Turkish support for the accession of Syria and Lebanon to full independence. Notes also exchanged regarding the right of option for nationality (*L.N.O.J.* Nov. 1937).

Nov. 29. Statute came into force in Sanjāq.

Dec. 7. Turkish Government denounced Turco-Syrian treaty of friendship, *bon voisinage* and non-aggression of May 30, 1926.

Dec. 10. President of Commission appointed by League Council to supervise elections in Sanjāq sent letter to Secretary-General reporting on the work of the Commission and enclosing text of election regulations (*L.N.O.J.* Feb. 1938).

Dec. 15. Turkish Government sent protest to League regarding alleged attempts by the Mandatory Power to influence the elections and the procedure of enacting the electoral regulations without consulting Turkey (*L.N.O.J.* Feb. 1938).

Dec. 17. French military mission arrived in Angora to discuss demilitarization of Sanjāq.

Dec. 24. Further Turkish protest to League regarding the terms of the regulations, the work of the Commission and its relations with the mandatory Power. Dec. 25, Turkish request that question might be discussed at next Council session (*L.N.O.J.* Feb. 1938).

See also under *Irāq*, April 24.

Turkey

1937, Sept. 28. Official announcement that General Ismet İnönü had retired from Premiership and would be succeeded by M. Jelal Bayar.

See also under *Abyssinia*, Jan. 17; *Afghanistan*; *Egypt*, April 17; *Irāq*, April 29; *League of Nations*, Sept. 13–Oct. 6; *Middle Eastern Entente*; *Syria*.

U.S.A.

1937, Jan. 8. Amendment extending Neutrality Act of 1935 to cover the war in Spain became law.

U.S.A. (cont.)

- May 1. President Roosevelt signed Neutrality Bill replacing Act of 1935 and proclamations regarding the war in Spain and the registration of manufacturers and shippers of arms.
- Oct. 5. Speech by Mr. Roosevelt at Chicago on the international situation and the active participation of the U.S.A. in the search for peace.
- Nov. 18. Preliminary announcement of the U.S. Government's intention to negotiate a reciprocal trade agreement with Great Britain.
- See also under *China*, Sept. 5, Sept. 14, Sept. 19-25, Oct. 5, Oct. 5-6, Oct. 12, Nov. 3-24, Dec. 12; *Colombia*; *Dominican Republic*; *Ecuador*, Oct. 22; *Honduras*; *Mexico*; *Palestine*, July 7/Aug. 1; *Siam*, Nov. 5-Dec. 30.

U.S.S.R.

- 1937, Jan. 23-30. Trial of Piatakov, Sokolnikov, Radek and thirteen others on charges of treason, wrecking and espionage. Thirteen of the accused were sentenced to death and were shot on Feb. 1.
- June 11. Marshal Tukhachevsky and seven other generals sentenced to death and shot next day.
- Dec. 12. General election held. 96½ per cent. of the electorate voted and returned 1,143 unopposed candidates.
- Dec. 19. Yenukidze, Karakhan and six other high officials stated to have been tried and executed.
- See also under *China*, Aug. 21, Sept. 19-25; *Finland*, Feb. 8-10; *Italy*, Nov. 6; *Manchuria*, June 21; *Naval Armaments*, July 17.

Vatican. See under *Danzig*, Oct. 13; *Ecuador*, July 24; *Germany*, March 21, June 1; *Jugoslavia*, July 23, Oct. 9.

Venezuela. See under *Honduras*.

Versailles Treaty. See under *Germany*, Jan. 30.

Western Pact

- 1937, Feb. 12. Belgian reply to British note of Nov. 19, 1936, on proposed Western Pact received at Foreign Office. March 12, German and Italian replies containing counter-proposals received in London. June 9, French note on Western Pact sent to London. July 29, British Government reported to have sent notes during previous week to France, Belgium, Germany and Italy suggesting the appointment of a committee to study technical aspects of the problem.

Yaman. See under *France*, Feb. 1; *Italy*, Sept. 4; *Sa'ūdī Arabia*, Nov. 3.

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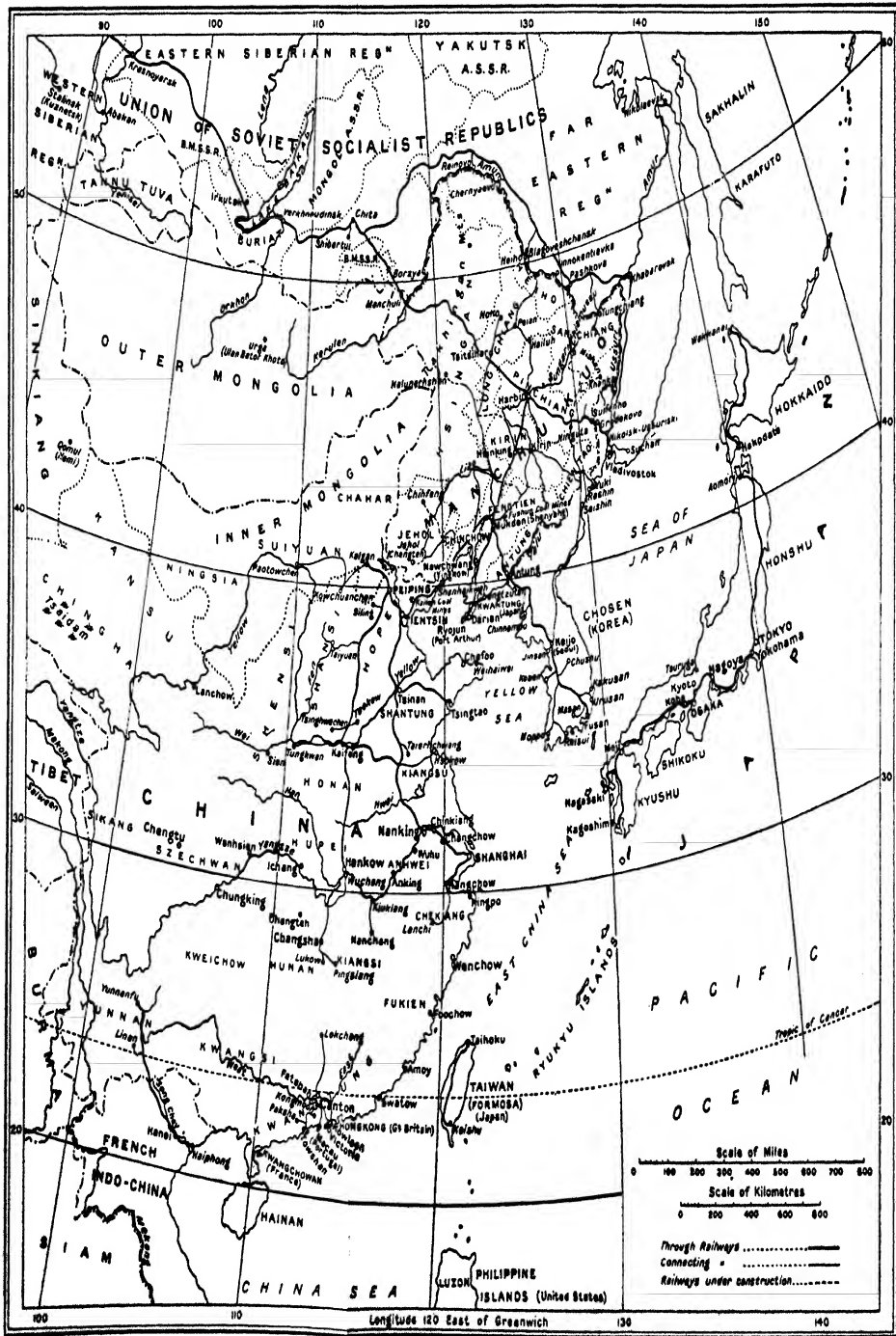
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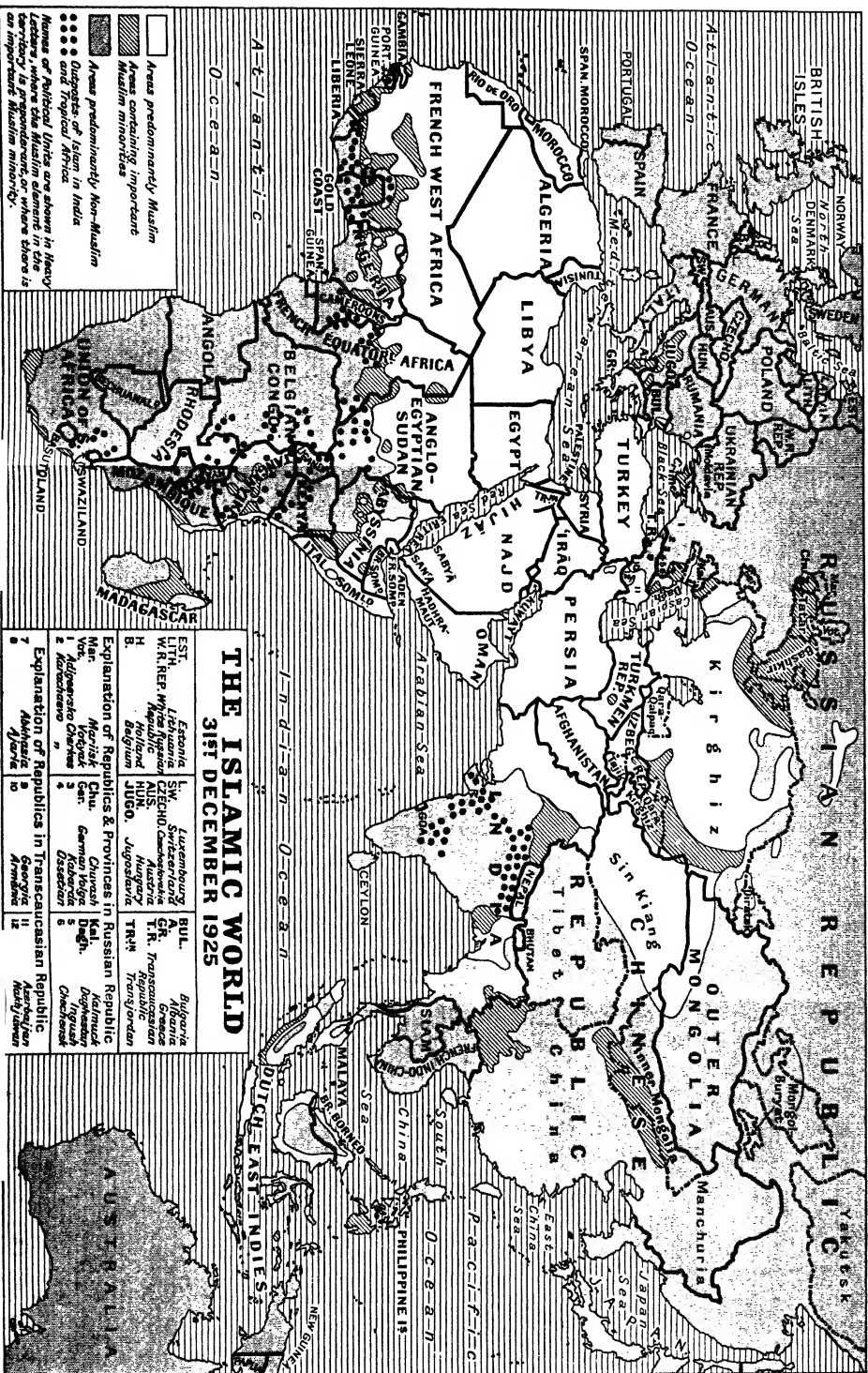
Zionist Congress, twentieth session of (Zürich, Aug. 1937), 543, 544-6; debate at, 545; division of opinion at, regarding Palestine partition plan, 543, 544, 545-6; resolutions of, 543, 546-7, 566.

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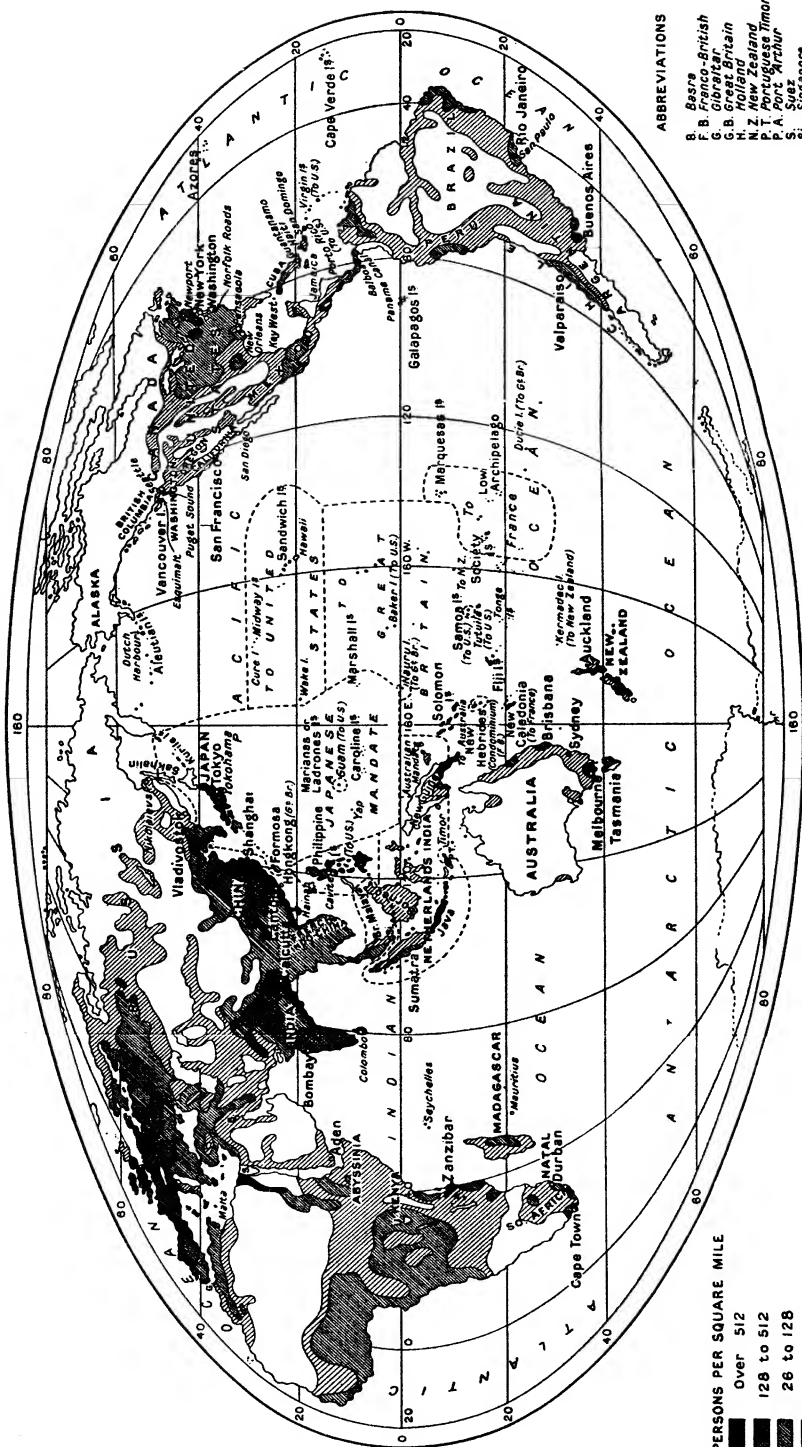
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THE FAR EAST.





THE WORLD



PERSONS PER SQUARE MILE

- Over 512
- 128 to 512
- 26 to 128
- 2 to 26
- Under 2

ABBREVIATIONS

- B. B. - British
- G. B. - Great Britain
- H. - Holland
- N. - North
- P. - Portugal
- P. A. - Port Arthur
- S. - South
- U. - United
- U. S. - United States

MOLLWEIDE'S PROJECTION (EQUAL AREA)

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